

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: Fee-BH-61504	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER <u>CBM</u> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Marion Energy Inc.				9. WELL NAME and NUMBER: Ballpark Canyon #16-2	
3. ADDRESS OF OPERATOR: 119 S. Tennessee #200 CITY McKinney STATE TX ZIP 75069				10. FIELD AND POOL, OR WILDCAT: Helper Field <i>18</i>	
4. LOCATION OF WELL (FOOTAGES) <i>516415X SE 4393276Y 39.641056 -110.208564</i> AT SURFACE: 1056.37ft FSL 1871.53ft FWL SW Section 16 13S-10E				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 16 13S 10E	
AT PROPOSED PRODUCING ZONE: <i>516264X 4394027Y 39.697817 -110.810299</i> 1634ft FNL 1349ft FWL /NW Section 16 13S-10E					
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approx 1/4 of a mile North West of the town of Kenilworth				12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1056.37ft at surface loc and 1349ft at producing		16. NUMBER OF ACRES IN LEASE: 3000		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 20' from vertical well drilled in SW S16 13S-10E		19. PROPOSED DEPTH: 6,136		20. BOND DESCRIPTION: See Attached Bond Document	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6590.7' GR		22. APPROXIMATE DATE WORK WILL START: 4/24/2006		23. ESTIMATED DURATION: 2 1/2 Weeks	

24. PROPOSED CASING AND CEMENTING PROGRAM							
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
16 3/4"	13 3/8"	J-55	61#	500	Premium "G"	384 sx	1.25 cuft/sk 14.2 ppg
12 1/4"	8 5/8"	J-55	26.4#	2,500	Lead: Prem. Lite	242 sx	3.82 cuft/sk 11 ppg
					Tail:50/50 Poz	96 sx	1.25 cuft/sk 14.2 ppg
7 7/8"	5 1/2"	J-55	17#	6,136	Lead: Prem. Lite	73 sx	3.82 cuft/sk 11 ppg
					Tail:50/50 Poz	813 sx	1.25 cuft/sk 14.2 ppg

25. ATTACHMENTS	
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:	
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER <input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) <u>Keri Clarke</u>	TITLE <u>VP Land</u>
SIGNATURE	DATE <u>4-31-06</u>

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31171

Approved by the
Utah Division of
Oil, Gas and Mining

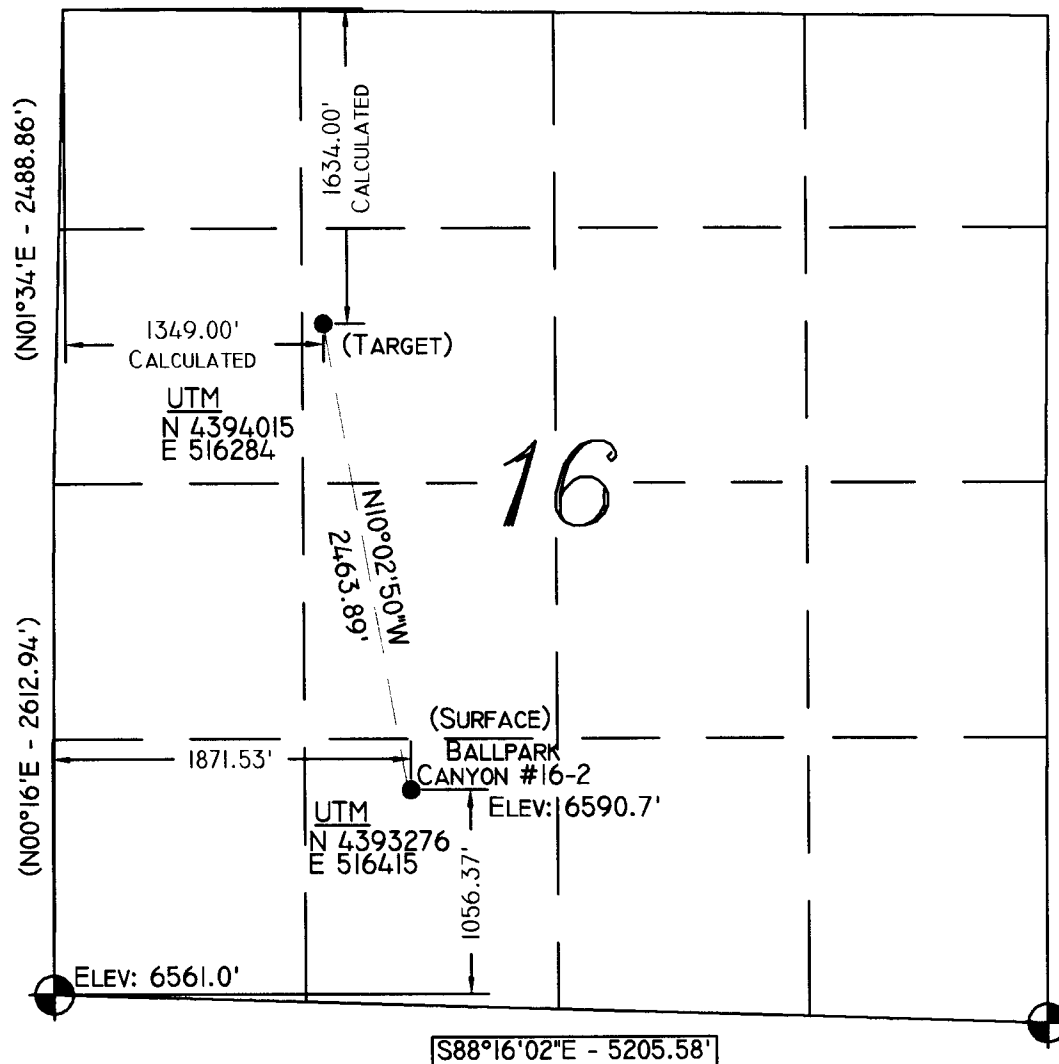
Date: 05-19-06

RECEIVED
APR 04 2006

DIV. OF OIL, GAS & MINING

Township 13 South

Range 10 East



Legend

- Drill Hole Location
- ⊙ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

SURFACE
LAT / LONG
39°41'27.786"N
110°48'30.820"W

TARGET
LAT / LONG
39°41'51.767"N
110°48'36.255"W

Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

Basis of Elevation of 6561' being at the Southwest Section Corner of Section 16, Township 13 South, Range 10 East, Salt Lake Base and Meridian, as shown on the Helper Quadrangle 7.5 minute series map.

Description of Location:

Surface Location

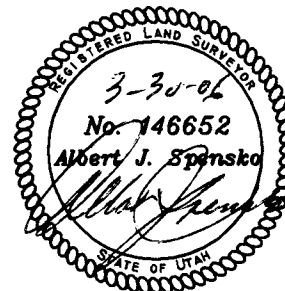
Proposed Drill Hole located in the SE/4 SW/4 of Section 16, T13S, R10E, S.L.B.&M., being 1056.37' North and 1871.53 East from the Southwest Section Corner of Section 16, T13S, R10E, Salt Lake Base & Meridian.

Target Location

Proposed Target located in the SE/4 NW/4 of Section 16, T13S, R10E, S.L.B.&M., being 1634.00' South and 1349.00' East from the Northwest Section Corner of Section 16, T13S, R10E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



GRAPHIC SCALE



(IN FEET)

1 inch = 1000 ft.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talonactv.net



Marion Energy Inc.

Ballpark Canyon #16-2
Section 16, T13S, R10E, S.L.B.&M.
Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 3/28/06
	Scale: 1" = 1000'
Sheet 1 of 3	Job No. 2342

MARION ENERGY
Ballpark #16-2
Carbon County, Utah



SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	349.95	0.00	0.00	0.00	0.00	0.00	0.00	
2	1200.00	0.00	349.95	1200.00	0.00	0.00	0.00	349.95	0.00	KOP
3	1600.00	10.00	349.95	1597.97	34.28	-6.08	2.50	-10.05	34.82	End 1st Build
4	1618.08	10.00	349.95	1615.77	37.37	-6.63	0.00	0.00	37.96	Start 2nd Build
5	3618.08	50.00	349.95	3312.86	1002.15	-177.65	2.00	0.00	1017.77	End 2nd Build
6	5503.82	50.00	349.95	4525.00	2424.54	-429.79	0.00	0.00	2462.34	16-2 Target
7	6126.11	50.00	349.95	4925.00	2893.92	-513.00	0.00	0.00	2939.04	TD

FIELD DETAILS

Carbon, Utah (UTM meters)

Geodetic System: Universal Transverse Mercator
 Ellipsoid: NAD27 (Clarke 1866)
 Zone: UTM Zone 12, North 114W to 108W
 Magnetic Model: bggm2005

System Datum: Mean Sea Level
 Local North: Grid North

WELL DETAILS

Name	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
#16-2	0.00	0.00	4393276.00	516415.00	39°41'27.786N	110°48'30.820W	N/A

TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Shape
16-2 Target	4525.00	2424.54	-429.79	Point

SITE DETAILS

Ballpark
 Carbon County, Utah
 SE/SW Sec. 16, T13S, R10E
 Site Centre Northing: 4393276.00
 Easting: 516415.00

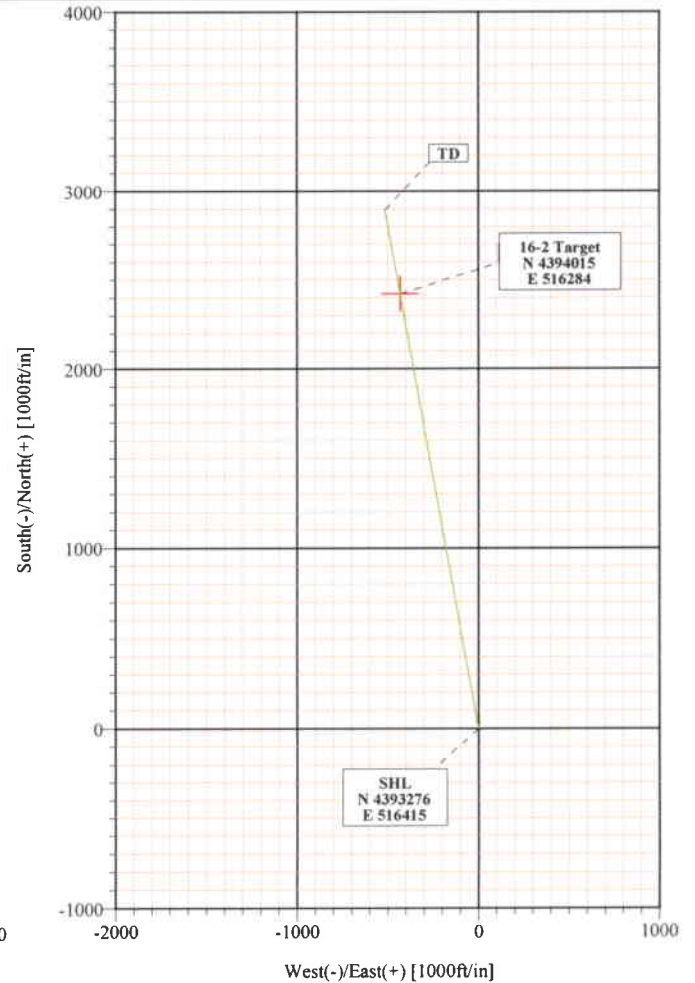
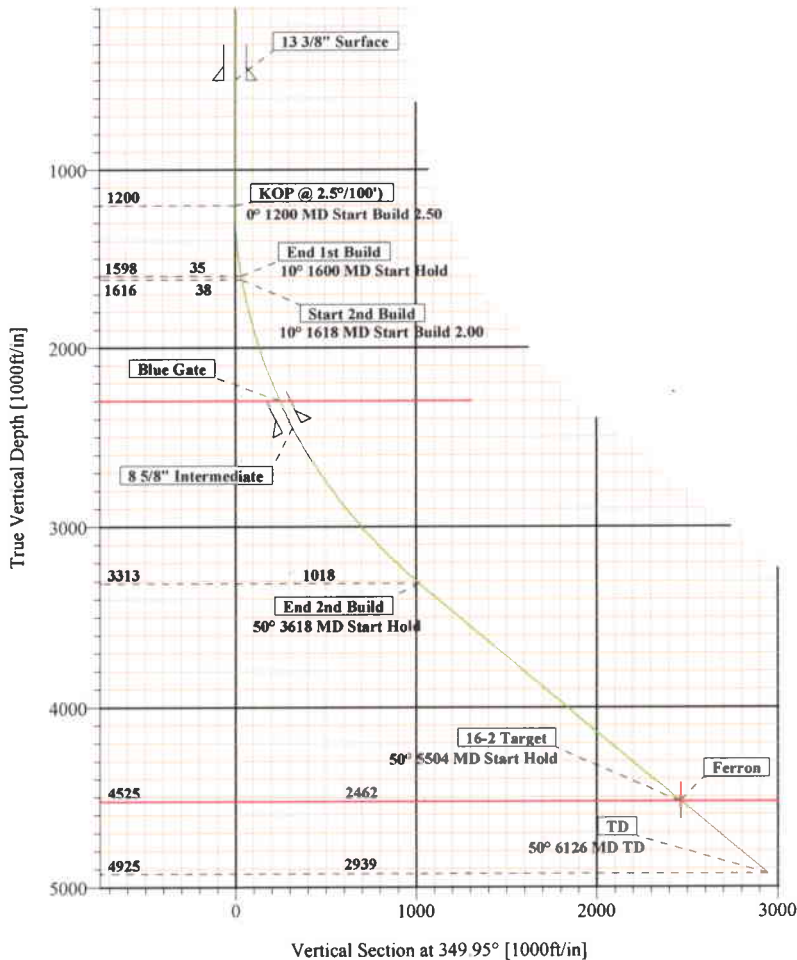
Ground Level: 6590.70
 Positional Uncertainty: 0.00
 Convergence: 0.12

CASING DETAILS

No.	TVD	MD	Name	Size
1	500.00	500.00	13 3/8" Surface	13.375
2	2447.26	2500.00	8 5/8" Intermediate	8.625

FORMATION TOP DETAILS

No.	TVDPath	MDPath	Formation
1	2300.00	2336.14	Blue Gate
2	4525.00	5503.82	Ferron



Weatherford International

Planning Report

Company: Marion Energy	Date: 4/28/2006	Time: 14:26:37	Page: 1
Field: Carbon, Utah (UTM meters)	Co-ordinate(NE) Reference: Site: Ballpark, Grid North		
Site: Ballpark	Vertical (TVD) Reference: SITE 0.0		
Well: #16-2	Section (VS) Reference: Well (0.00N,0.00E,349.95Azi)		
Wellpath: 1	Plan: Plan #1		

Field: Carbon, Utah (UTM meters)

Map System: Universal Transverse Mercator
Geo Datum: NAD27 (Clarke 1866)
Sys Datum: Mean Sea Level

Map Zone: UTM Zone 12, North 114W to 108W
Coordinate System: Site Centre
Geomagnetic Model: bggm2005

Site: Ballpark
Carbon County, Utah
SE/SW Sec. 16, T13S, R10E

Site Position:	Northing: 4393276.00 m	Latitude: 39 41 27.786 N
From: Map	Easting: 516415.00 m	Longitude: 110 48 30.820 W
Position Uncertainty: 0.00 ft		North Reference: Grid
Ground Level: 6590.70 ft		Grid Convergence: 0.12 deg

Well: #16-2

Slot Name:

Well Position:	+N/-S 0.00 ft	Northing: 4393276.00 m	Latitude: 39 41 27.786 N
	+E/-W 0.00 ft	Easting: 516415.00 m	Longitude: 110 48 30.820 W
Position Uncertainty: 0.00 ft			

Wellpath: 1

Current Datum: SITE
Magnetic Data: 4/28/2006
Field Strength: 52523 nT
Vertical Section: Depth From (TVD)
ft

Height 0.00 ft

Drilled From: Surface
Tie-on Depth: 0.00 ft
Above System Datum: Mean Sea Level
Declination: 12.21 deg
Mag Dip Angle: 65.50 deg
+E/-W Direction
ft deg

0.00	0.00	0.00	349.95
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Plan: Plan #1

Date Composed: 4/28/2006
Version: 1
Tied-to: From Surface

Principal: Yes

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	349.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1200.00	0.00	349.95	1200.00	0.00	0.00	0.00	0.00	0.00	349.95	
1600.00	10.00	349.95	1597.97	34.28	-6.08	2.50	2.50	0.00	-10.05	
1618.08	10.00	349.95	1615.77	37.37	-6.63	0.00	0.00	0.00	0.00	
3618.08	50.00	349.95	3312.86	1002.15	-177.65	2.00	2.00	0.00	0.00	
5503.82	50.00	349.95	4525.00	2424.54	-429.79	0.00	0.00	0.00	0.00	16-2 Target
6126.11	50.00	349.95	4925.00	2893.92	-513.00	0.00	0.00	0.00	0.00	

Section 1 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
0.00	0.00	349.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1200.00	0.00	349.95	1200.00	0.00	0.00	0.00	0.00	0.00	0.00	349.95

Section 2 : Start Build 2.50

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
1300.00	2.50	349.95	1299.97	2.15	-0.38	2.18	2.50	2.50	0.00	0.00
1400.00	5.00	349.95	1399.75	8.59	-1.52	8.72	2.50	2.50	0.00	0.00
1500.00	7.50	349.95	1499.14	19.31	-3.42	19.61	2.50	2.50	0.00	0.00
1600.00	10.00	349.95	1597.97	34.28	-6.08	34.82	2.50	2.50	0.00	0.00

Weatherford International

Planning Report

Company: Marion Energy
Field: Carbon, Utah (UTM meters)
Site: Ballpark
Well: #16-2
Wellpath: 1

Date: 4/28/2006
Co-ordinate(NE) Reference: Site: Ballpark, Grid North
Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,349.95Azi)
Plan: Plan #1

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Section 3 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
1618.08	10.00	349.95	1615.77	37.37	-6.63	37.96	0.00	0.00	0.00	0.00

Section 4 : Start Build 2.00

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
1700.00	11.64	349.95	1696.24	52.52	-9.31	53.33	2.00	2.00	0.00	0.00
1800.00	13.64	349.95	1793.81	74.06	-13.13	75.21	2.00	2.00	0.00	0.00
1900.00	15.64	349.95	1890.56	98.94	-17.54	100.48	2.00	2.00	0.00	0.00
2000.00	17.64	349.95	1986.37	127.13	-22.54	129.12	2.00	2.00	0.00	0.00
2100.00	19.64	349.95	2081.12	158.60	-28.11	161.07	2.00	2.00	0.00	0.00
2200.00	21.64	349.95	2174.70	193.31	-34.27	196.32	2.00	2.00	0.00	0.00
2300.00	23.64	349.95	2266.99	231.20	-40.98	234.81	2.00	2.00	0.00	0.00
2336.14	24.36	349.95	2300.00	245.68	-43.55	249.51	2.00	2.00	0.00	0.00
2400.00	25.64	349.95	2357.88	272.25	-48.26	276.50	2.00	2.00	0.00	0.00
2500.00	27.64	349.95	2447.26	316.40	-56.09	321.33	2.00	2.00	0.00	0.00
2600.00	29.64	349.95	2535.02	363.59	-64.45	369.25	2.00	2.00	0.00	0.00
2700.00	31.64	349.95	2621.06	413.76	-73.35	420.21	2.00	2.00	0.00	0.00
2800.00	33.64	349.95	2705.26	466.87	-82.76	474.14	2.00	2.00	0.00	0.00
2900.00	35.64	349.95	2787.53	522.83	-92.68	530.98	2.00	2.00	0.00	0.00
3000.00	37.64	349.95	2867.77	581.59	-103.10	590.66	2.00	2.00	0.00	0.00
3100.00	39.64	349.95	2945.88	643.07	-113.99	653.09	2.00	2.00	0.00	0.00
3200.00	41.64	349.95	3021.76	707.19	-125.36	718.22	2.00	2.00	0.00	0.00
3300.00	43.64	349.95	3095.32	773.89	-137.18	785.95	2.00	2.00	0.00	0.00
3400.00	45.64	349.95	3166.47	843.07	-149.45	856.21	2.00	2.00	0.00	0.00
3500.00	47.64	349.95	3235.12	914.65	-162.14	928.91	2.00	2.00	0.00	0.00
3600.00	49.64	349.95	3301.20	988.55	-175.24	1003.96	2.00	2.00	0.00	0.00
3618.08	50.00	349.95	3312.86	1002.15	-177.65	1017.77	2.00	2.00	0.00	0.00

Section 5 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
3700.00	50.00	349.95	3365.52	1063.94	-188.60	1080.53	0.00	0.00	0.00	0.00
3800.00	50.00	349.95	3429.80	1139.37	-201.97	1157.13	0.00	0.00	0.00	0.00
3900.00	50.00	349.95	3494.08	1214.80	-215.34	1233.74	0.00	0.00	0.00	0.00
4000.00	50.00	349.95	3558.36	1290.23	-228.71	1310.34	0.00	0.00	0.00	0.00
4100.00	50.00	349.95	3622.64	1365.66	-242.09	1386.95	0.00	0.00	0.00	0.00
4200.00	50.00	349.95	3686.92	1441.09	-255.46	1463.55	0.00	0.00	0.00	0.00
4300.00	50.00	349.95	3751.20	1516.51	-268.83	1540.16	0.00	0.00	0.00	0.00
4400.00	50.00	349.95	3815.48	1591.94	-282.20	1616.76	0.00	0.00	0.00	0.00
4500.00	50.00	349.95	3879.75	1667.37	-295.57	1693.37	0.00	0.00	0.00	0.00
4600.00	50.00	349.95	3944.03	1742.80	-308.94	1769.97	0.00	0.00	0.00	0.00
4700.00	50.00	349.95	4008.31	1818.23	-322.31	1846.57	0.00	0.00	0.00	0.00
4800.00	50.00	349.95	4072.59	1893.66	-335.68	1923.18	0.00	0.00	0.00	0.00
4900.00	50.00	349.95	4136.87	1969.08	-349.05	1999.78	0.00	0.00	0.00	0.00
5000.00	50.00	349.95	4201.15	2044.51	-362.42	2076.39	0.00	0.00	0.00	0.00
5100.00	50.00	349.95	4265.43	2119.94	-375.79	2152.99	0.00	0.00	0.00	0.00
5200.00	50.00	349.95	4329.71	2195.37	-389.17	2229.60	0.00	0.00	0.00	0.00
5300.00	50.00	349.95	4393.98	2270.80	-402.54	2306.20	0.00	0.00	0.00	0.00
5400.00	50.00	349.95	4458.26	2346.23	-415.91	2382.81	0.00	0.00	0.00	0.00
5500.00	50.00	349.95	4522.54	2421.66	-429.28	2459.41	0.00	0.00	0.00	0.00
5503.82	50.00	349.95	4525.00	2424.54	-429.79	2462.34	0.00	0.00	0.00	0.00

Section 6 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
5600.00	50.00	349.95	4586.82	2497.08	-442.65	2536.01	0.00	0.00	0.00	0.00
5700.00	50.00	349.95	4651.10	2572.51	-456.02	2612.62	0.00	0.00	0.00	0.00
5800.00	50.00	349.95	4715.38	2647.94	-469.39	2689.22	0.00	0.00	0.00	0.00
5900.00	50.00	349.95	4779.66	2723.37	-482.76	2765.83	0.00	0.00	0.00	0.00
6000.00	50.00	349.95	4843.94	2798.80	-496.13	2842.43	0.00	0.00	0.00	0.00
6100.00	50.00	349.95	4908.21	2874.23	-509.50	2919.04	0.00	0.00	0.00	0.00

Weatherford International

Planning Report

Company: Marion Energy
Field: Carbon, Utah (UTM meters)
Site: Ballpark
Well: #16-2
Wellpath: 1

Date: 4/28/2006
Co-ordinate(NE) Reference: Site: Ballpark, Grid North
Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,349.95Azi)
Plan: Plan #1

Page: 3

Section 6 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
6126.11	50.00	349.95	4925.00	2893.92	-513.00	2939.04	0.00	0.00	0.00	0.00

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
1200.00	0.00	349.95	1200.00	0.00	0.00	0.00	0.00	0.00	0.00	KOP
1300.00	2.50	349.95	1299.97	2.15	-0.38	2.18	2.50	2.50	0.00	
1400.00	5.00	349.95	1399.75	8.59	-1.52	8.72	2.50	2.50	0.00	
1500.00	7.50	349.95	1499.14	19.31	-3.42	19.61	2.50	2.50	0.00	
1600.00	10.00	349.95	1597.97	34.28	-6.08	34.82	2.50	2.50	0.00	End 1st Build
1618.08	10.00	349.95	1615.77	37.37	-6.63	37.96	0.00	0.00	0.00	Start 2nd Build
1700.00	11.64	349.95	1696.24	52.52	-9.31	53.33	2.00	2.00	0.00	
1800.00	13.64	349.95	1793.81	74.06	-13.13	75.21	2.00	2.00	0.00	
1900.00	15.64	349.95	1890.56	98.94	-17.54	100.48	2.00	2.00	0.00	
2000.00	17.64	349.95	1986.37	127.13	-22.54	129.12	2.00	2.00	0.00	
2100.00	19.64	349.95	2081.12	158.60	-28.11	161.07	2.00	2.00	0.00	
2200.00	21.64	349.95	2174.70	193.31	-34.27	196.32	2.00	2.00	0.00	
2300.00	23.64	349.95	2266.99	231.20	-40.98	234.81	2.00	2.00	0.00	
2336.14	24.36	349.95	2300.00	245.68	-43.55	249.51	2.00	2.00	0.00	Blue Gate
2400.00	25.64	349.95	2357.88	272.25	-48.26	276.50	2.00	2.00	0.00	
2500.00	27.64	349.95	2447.26	316.40	-56.09	321.33	2.00	2.00	0.00	8 5/8" Intermediate
2600.00	29.64	349.95	2535.02	363.59	-64.45	369.25	2.00	2.00	0.00	
2700.00	31.64	349.95	2621.06	413.76	-73.35	420.21	2.00	2.00	0.00	
2800.00	33.64	349.95	2705.26	466.87	-82.76	474.14	2.00	2.00	0.00	
2900.00	35.64	349.95	2787.53	522.83	-92.68	530.98	2.00	2.00	0.00	
3000.00	37.64	349.95	2867.77	581.59	-103.10	590.66	2.00	2.00	0.00	
3100.00	39.64	349.95	2945.88	643.07	-113.99	653.09	2.00	2.00	0.00	
3200.00	41.64	349.95	3021.76	707.19	-125.36	718.22	2.00	2.00	0.00	
3300.00	43.64	349.95	3095.32	773.89	-137.18	785.95	2.00	2.00	0.00	
3400.00	45.64	349.95	3166.47	843.07	-149.45	856.21	2.00	2.00	0.00	
3500.00	47.64	349.95	3235.12	914.65	-162.14	928.91	2.00	2.00	0.00	
3600.00	49.64	349.95	3301.20	988.55	-175.24	1003.96	2.00	2.00	0.00	
3618.08	50.00	349.95	3312.86	1002.15	-177.65	1017.77	2.00	2.00	0.00	End 2nd Build
3700.00	50.00	349.95	3365.52	1063.94	-188.60	1080.53	0.00	0.00	0.00	
3800.00	50.00	349.95	3429.80	1139.37	-201.97	1157.13	0.00	0.00	0.00	
3900.00	50.00	349.95	3494.08	1214.80	-215.34	1233.74	0.00	0.00	0.00	
4000.00	50.00	349.95	3558.36	1290.23	-228.71	1310.34	0.00	0.00	0.00	
4100.00	50.00	349.95	3622.64	1365.66	-242.09	1386.95	0.00	0.00	0.00	
4200.00	50.00	349.95	3686.92	1441.09	-255.46	1463.55	0.00	0.00	0.00	
4300.00	50.00	349.95	3751.20	1516.51	-268.83	1540.16	0.00	0.00	0.00	
4400.00	50.00	349.95	3815.48	1591.94	-282.20	1616.76	0.00	0.00	0.00	
4500.00	50.00	349.95	3879.75	1667.37	-295.57	1693.37	0.00	0.00	0.00	
4600.00	50.00	349.95	3944.03	1742.80	-308.94	1769.97	0.00	0.00	0.00	
4700.00	50.00	349.95	4008.31	1818.23	-322.31	1846.57	0.00	0.00	0.00	
4800.00	50.00	349.95	4072.59	1893.66	-335.68	1923.18	0.00	0.00	0.00	
4900.00	50.00	349.95	4136.87	1969.08	-349.05	1999.78	0.00	0.00	0.00	
5000.00	50.00	349.95	4201.15	2044.51	-362.42	2076.39	0.00	0.00	0.00	
5100.00	50.00	349.95	4265.43	2119.94	-375.79	2152.99	0.00	0.00	0.00	
5200.00	50.00	349.95	4329.71	2195.37	-389.17	2229.60	0.00	0.00	0.00	
5300.00	50.00	349.95	4393.98	2270.80	-402.54	2306.20	0.00	0.00	0.00	
5400.00	50.00	349.95	4458.26	2346.23	-415.91	2382.81	0.00	0.00	0.00	
5500.00	50.00	349.95	4522.54	2421.66	-429.28	2459.41	0.00	0.00	0.00	
5503.82	50.00	349.95	4525.00	2424.54	-429.79	2462.34	0.00	0.00	0.00	16-2 Target
5600.00	50.00	349.95	4586.82	2497.08	-442.65	2536.01	0.00	0.00	0.00	

Weatherford International

Planning Report

Company: Marion Energy
Field: Carbon, Utah (UTM meters)
Site: Ballpark
Well: #16-2
Wellpath: 1

Date: 4/28/2006 **Time:** 14:26:37 **Page:** 4
Co-ordinate(NE) Reference: Site: Ballpark, Grid North
Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,349.95Azi)
Plan: Plan #1

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
5700.00	50.00	349.95	4651.10	2572.51	-456.02	2612.62	0.00	0.00	0.00	
5800.00	50.00	349.95	4715.38	2647.94	-469.39	2689.22	0.00	0.00	0.00	
5900.00	50.00	349.95	4779.66	2723.37	-482.76	2765.83	0.00	0.00	0.00	
6000.00	50.00	349.95	4843.94	2798.80	-496.13	2842.43	0.00	0.00	0.00	
6100.00	50.00	349.95	4908.21	2874.23	-509.50	2919.04	0.00	0.00	0.00	
6126.11	50.00	349.95	4925.00	2893.92	-513.00	2939.04	0.00	0.00	0.00	TD

Targets

Name	Description Dip.	Dir.	TVD ft	+N/-S ft	+E/-W ft	Map Northing m	Map Easting m	Latitude Deg Min Sec			Longitude Deg Min Sec		
16-2 Target -Plan hit target			4525.00	2424.54	-429.79	4394015.00	516284.00	39	41	51.767 N	110	48	36.255 W

Casing Points

MD ft	TVD ft	Diameter in	Hole Size in	Name
500.00	500.00	13.375	17.500	13 3/8" Surface
2500.00	2447.26	8.625	12.500	8 5/8" Intermediate

Formations

MD ft	TVD ft	Formations	Lithology	Dip Angle deg	Dip Direction deg
2336.14	2300.00	Blue Gate		0.00	0.00
5503.82	4525.00	Ferron		0.00	0.00

Annotation

MD ft	TVD ft	
1200.00	1200.00	SHL
1600.00	1597.97	KOP @ 2.5°/100'
1618.08	1615.78	End 1st Build
3618.08	3312.87	Start 2nd Build
6126.11	4925.00	End 2nd Build
		TD

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:

Fee -BH-61504

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:

Ballpark Canyon #16-2

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:

Helper

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER

2. NAME OF OPERATOR:

Marion Energy, Inc

3. ADDRESS OF OPERATOR:

119 So. Tennessee #200

CITY

McKinney

STATE

TX

ZIP

75069

PHONE NUMBER:

(972) 540-2967

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1056.37ft FSL & 1871.53ft FWL

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 16 13S 10E

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION



NOTICE OF INTENT
(Submit in Duplicate)

Approximate date work will start:



SUBSEQUENT REPORT
(Submit Original Form Only)

Date of work completion:



ACIDIZE



ALTER CASING



CASING REPAIR



CHANGE TO PREVIOUS PLANS



CHANGE TUBING



CHANGE WELL NAME



CHANGE WELL STATUS



COMMINGLE PRODUCING FORMATIONS



CONVERT WELL TYPE



DEEPEN



FRACTURE TREAT



NEW CONSTRUCTION



OPERATOR CHANGE



PLUG AND ABANDON



PLUG BACK



PRODUCTION (START/RESUME)



RECLAMATION OF WELL SITE



RECOMPLETE - DIFFERENT FORMATION



REPERFORATE CURRENT FORMATION



SIDETRACK TO REPAIR WELL



TEMPORARILY ABANDON



TUBING REPAIR



VENT OR FLARE



WATER DISPOSAL



WATER SHUT-OFF



OTHER:

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Marion proposes to modify the casing program to better accommodate the directional tools we will be using. The proposed changes are as follows:

Surface pipe will be changed from 13 3/8" to 9 5/8". Surface hole will be changed from 16 3/4" to 12 1/4". The casing will be cemented with 219 sx. Premium "G" cement at a yield of 1.25 cuft/sk and slurry weight of 14.2 ppg. This calculation includes 75% excess. Additionally, we propose to eliminate the intermediate string of casing. We do not anticipate any abnormal water flows from shallow sections that would require an intermediate string be set. We propose to drill a 7 7/8" hole to TD and run 5 1/2", 17# casing as described on the APD form 3.

NAME (PLEASE PRINT)

TITLE

SIGNATURE

DATE

(This space for State use only)



March 30, 2006

Diana Whitney
State of Utah
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: Directional Drilling R649-3-11

Ballpark Canyon #16-2: 1056.37ft FSL 1871.53ft FWL SW/4 Section 16 13S-10E (Surface Location)
1634ft FNL 1349ft FWL /NW/4 Section 16 13S-10E (bottom hole)
Carbon County, UT.

Dear Ms. Whitney

Pursuant to the filing of Marion Energy Inc. application for Permit to Drill the above referenced well on March 30th 2006, we are hereby submitting this letter in accordance with Oil and Gas Conservation Rule R649-3-11 pertaining to the exception to location and Siting of wells.

- The Ballpark Canyon #16-2 well is located within the North Helper Prospect area.
- Marion Energy Inc. is permitting this well as a directional well in order to maximize drainage of the reservoir in a topographically challenging area.
- The concept of drilling Multiple directional wells from a single pad site will allow Marion Energy Inc. to minimize surface disturbance that would be otherwise cause by two or more separate pad sites. Marion Energy has already drilled one vertical well from this current site and further plans to drill two directional wells from this pad location.
- Mid-Power Resource Corporation hereby certifies that it is the sole working interest owner within 460 feet of the entire directional well bore.

Therefore, based upon the above information Mid-Power Resource Corporation requests the permit be granted pursuant to R649-3-11.

Sincerely,

Benjamin Evans
Landman
Marion Energy Inc.



April 13, 2006

1594 W. North Temple
Suite 1201
Salt lake City, UT
84116

RE: Sundry Form 9

Dear Ms. Whitney

Please find enclosed the original executed copies of our Sundry Form 9's that Mark Jones has requested we submit for our recently submitted APD's. Mr. Jones felt that we needed further contact information regarding the surface owners at our well locations and suggested I fill out a Form 9 for each well outlining the contact information for American Electric Power.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3004 or email bevans@marionenergy.com

Sincerely,

Benjamin Evans
Landman

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:
Fee-BH-61504

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:

Ballpark Canyon #16-2

9. API NUMBER:

4300731171

10. FIELD AND POOL, OR WILDCAT:

Helper Field

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER

2. NAME OF OPERATOR:

Marion Energy Inc. (N2740)

3. ADDRESS OF OPERATOR:

119 S. Tennessee Ste 200

CITY

McKinney

STATE

TX

ZIP

75069

PHONE NUMBER:

(972) 540-2967

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1056.37ft FSL 1871.53ft FWL SW/4 Section 16 13S-10E

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 16 13S 10E

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☐ NOTICE OF INTENT
(Submit in Duplicate)

Approximate date work will start:

☐ SUBSEQUENT REPORT
(Submit Original Form Only)

Date of work completion:

TYPE OF ACTION

☐ ACIDIZE

☐ ALTER CASING

☐ CASING REPAIR

☐ CHANGE TO PREVIOUS PLANS

☐ CHANGE TUBING

☐ CHANGE WELL NAME

☐ CHANGE WELL STATUS

☐ COMMINGLE PRODUCING FORMATIONS

☐ CONVERT WELL TYPE

☐ DEEPEN

☐ FRACTURE TREAT

☐ NEW CONSTRUCTION

☐ OPERATOR CHANGE

☐ PLUG AND ABANDON

☐ PLUG BACK

☐ PRODUCTION (START/RESUME)

☐ RECLAMATION OF WELL SITE

☐ RECOMPLETE - DIFFERENT FORMATION

☐ REPERFORATE CURRENT FORMATION

☐ SIDETRACK TO REPAIR WELL

☐ TEMPORARILY ABANDON

☐ TUBING REPAIR

☐ VENT OR FLARE

☐ WATER DISPOSAL

☐ WATER SHUT-OFF

☒ OTHER: Additional APD
Information

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Surface Owner Contact Information:

Company Name: American Electric Power

Address: 248 South Lake Drive
Prestonsburg, KY, 41653

Telephone Number: (606) 889-3328

Contact Name: Mr. Nelson Kidder (President)

E-mail address: nlkidder@aep.com

NAME (PLEASE PRINT) Benjamin Evans

TITLE Landman

SIGNATURE

Benjamin Evans

DATE

4/13/06

(This space for State use only)

RECEIVED

APR 14 2006

DIV. OF OIL, GAS & MINING



March 31, 2006

Mr. Nelson L. Kidder
American Electric Power
248 South Lake Drive
Prestonsburg, KY, 41653

RE: — Ballpark Canyon #16-2 (SW/4 Section 16 13S-10E, Carbon County, Utah)
Ballpark Canyon #17-2 (SW/4 Section 16 13S-10E, Carbon County, Utah)
Kenilworth Railroad #9-1 (NE/4 Section 16 13S-10E, Carbon County, Utah)
Kenilworth Railroad #15-4 (NE/4 Section 16 13S-10E, Carbon County, Utah)
Cordingly Canyon #10-1 (NE/4 Section 15 13S-10E, Carbon County, Utah)
Kenilworth Railroad #15-3 (SE/4 Section 16 13S-10E, Carbon County, Utah)
Blackhawk Coal Lease Dated June 15th 2004

Dear Mr. Kidder

This letter is intended to seek your permission to commence drilling operations on the wells referenced above. AEP is the surface owner at these locations, and Marion Energy, Inc. as operator of the properties underlying the Blackhawk Lease, seeks your permission as soon as possible to begin the construction of these locations so that Marion may commence drilling operations. The wells referenced above are to be drilled directionally from pads that are currently in place, these pads being the Ballpark Canyon #1, Kenilworth Railroad #1, Kenilworth Railroad #2, and the Cordingly Canyon #15-2, meaning any modification involved at these locations would be limited in scope due to the existence of our current pad sites.

Should you concur with our request to commence the modification of above referenced well locations, please signify your acceptance in the space provided below.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3004 or email bevans@marionenergy.com

Sincerely,

Benjamin Evans
Landman
Marion Energy Inc.

Blackhawk Coal Company, as Lessor under the above referenced lease, hereby consents to allow Marion Energy Inc. to commence the modification of the Ballpark Canyon #16-2, Ballpark Canyon #17-2, Kenilworth Railroad #9-1, Kenilworth Railroad #15-4, Cordingly Canyon #10-1 and Kenilworth Railroad #15-3 well locations.

By:

Date: Mar, 31, 2006

Name: Nelson Kidder

Title: Vice President
AEP Coal, Inc.

RECEIVED

APR 14 2006

Drilling Plan
Mid-Power Resource Corporation
Ballpark Canyon #16-2

1. Geologic Surface Formation

- a. Quaternary

2. Estimated Tops

Name	TVD	MD	Production Phase
Blue Gate	2300ft	2343ft	Gas
Ferron	4525ft	5514ft	Gas
TD	4925ft	6136ft	Gas

3. Casing Program

- a. See Form #3 Section 24.

4. Operators Specifications for Pressure Control Equipment

- a. 2000 psi WP Double Gate BOP or Single Gate BOP (Schematic Attached).
- b. Functional test daily.
- c. All casing strings shall be pressure tested (0.2psi/foot or 1500 psi, whichever is greater) prior to drilling the plug after cementing; test pressure shall not exceed the internal yield pressure of the casing.
- d. All ram-type preventers and related control equipment shall be tested at the rated working pressure of the stack assembly or at 70 percent of the minimum internal yield pressure of the casing, whichever is less. Tests shall be done at the time of installation, prior to drilling out, and weekly. All testes shall be for a period of 15 minutes.

5. Auxiliary Equipment

- a. Kelly Cock – Yes
- b. Float at the bit – No
- c. Monitoring Equipment on the mud system – visually
- d. Full opening safety valve on rig floor – Yes
- e. Rotating head – Yes
- f. The blooie line shall be at least 6 inches in diameter and extend at least 100 feet from the well bore into the reserve/blooie pit.

- g. Blooie line ignition shall be provided by a continuous pilot (ignited when drilling below 500 feet).
- h. Compressor shall be tied directly to the blooie line through a manifold.
- i. A mistor with a continuous stream of water shall be installed near the end of the blooie lines for dust suppression.

6. Proposed Circulating Medium

Depth	Mud Type
0 to TD	Air / Mist

7. Testing, Logging, and Coring Program

- a. Cores – Possible core of Ferron Sand
- b. DST – None anticipated
- c. Logging – DIL-GR (TD to base of surface casing).
 - a. FDC-CNL-GR-Cal (TD to base of surface casing).
- d. Formation and Completion Interval: Ferron interval, final determination of completion will be made by analysis of logs.
Simulation: Simulation will be designed for the particular area of interest as encountered.
- e. Frac gradient: Approximately 0.80 psi/ft.

8. Anticipated Cementing Program:

- a. See Form #3, Section 24.

Final cement volumes to be calculated from caliper log with an attempt to be made to circulate cement to the surface. A bond log will be run across the zone of interest and across zones as required by the authorized officer to insure protection of natural resources.

9. Anticipated Abnormal Pressures and Temperatures, Other Potential Hazards:

No abnormal temperatures or pressures are anticipated. No H₂S has been encountered in or known to exist from previous wells drilled to similar depths in the general area. Maximum anticipated bottom hole pressure equals approximately 1500 psi (calculated 0.517 psi/ft) and maximum anticipated surface pressure equals approximately 862 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/ft).

**Surface Use Plan
Marion Energy Inc.
Ballpark Canyon #16-2**

1. Existing Road:

- a. Topo Map 'A' is the vicinity map showing the field wide area.
- b. Topo Map 'B' shows the proposed access road to each well. It also shows existing roads in the immediate area.
- c. The existing and proposed access road, unless otherwise stated, shall be crowned, ditched, and dipped from the nearest improved road.
- d. Occasional maintenance blading and storm repairs will keep roads in good condition.
- e. There shall be no mud blading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.

2. Planned Access Roads:

- a. Maximum grade will be 8% or less.
- b. No turnouts are required.
- c. Low water crossings to be placed in the proposed access road during drilling process and culverts may be installed at a later date.
- d. Road surface material will be that native to the area.
- e. No cattleguards are required.
- f. The proposed access road was flagged at the time the location was staked.
- g. The back slopes of the proposed access road will be no steeper than vertical or ½:1 in rock and 2:1 elsewhere.

3. Location of Existing Wells:

- a. See Topo Map 'B'

4. Location of Existing and/or Proposed Facilities:

- a. All Petroleum Production Facilities are to be contained within the proposed location sites.
- b. In the event that production of these wells is established, the following will be shown:
 - i. Proposed location and attendant lines, by flagging, if off well pad.
 - ii. Dimensions of facilities.
 - iii. Construction methods and materials.
- c. The area used to contain the proposed production facilities will be built using native materials. If these materials are not acceptable, then other arrangements will be made to acquire them from private sources. These facilities will be constructed using bulldozers, graders, and workman crews to construct and place the proposed facilities.
- d. All permanent facilities placed on the locations shall be painted a non-reflective color, which will blend with the natural environment.
- e. A dike shall be constructed around the tank battery, of sufficient capacity to adequately contain at least 110 percent of the storage capacity of the largest tank within the dike.
- f. All buried pipelines shall be covered to a depth of 3 feet except at road crossings where they shall be covered to a depth of 4 feet.

- g. Construction width of the right-of-way/pipeline route shall be restricted to 50 feet of disturbance.
 - h. Pipeline location warning signs shall be installed within 90 days upon completion of construction.
5. Location and Water Supply:
- a. Any water to be used for the drilling of this well will be from the Price River Water Improvement District (an adjudicated industrial water source) and transported by a local trucking company (Nielson Construction).
 - b. No water wells are to be drilled.
6. Source of Construction Materials:
- a. No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from a local gravel pit over existing access roads from the area. No special access other than for drilling operations and pipeline construction is needed.
 - b. All access roads crossing BLM land is shown on Topo Map 'B'.
 - c. All well pad surface disturbance areas are on fee lands.
7. Methods for Handling Waste Disposal:
- a. Drill cuttings will be buried in the reserve pit when covered.
 - b. Drilling fluids will be contained in the reserve pit.
 - c. Any hydrocarbon liquids produced while production testing will be contained in a test tank. Any unavoidable spills of oil or other adverse substances or materials will be removed immediately during drilling progress or during completion operations.
 - d. Portable chemical toilets will be provided and services by a local commercial sanitary service.
 - e. Garbage and trash will be collected in a trash cage and its contents hauled to a sanitary landfill. All wastes caused by the construction activities shall be promptly removed and disposed of in a sanitary landfill or as directed by the company representative.
 - f. Prior to commencement of drilling, the reserve pit will be fenced on three sides using 39-inch net wire with at least one (1) strand of barbed wire. All wire is to be stretched before attaching to corner posts. When drilling activities are completed it will be fenced on the fourth side and allowed to dry (if liquids are present). After drying, the fences will be removed and the pits shall be buried. Reclamation will be undertaken no later than the fall of the year after all drilling activity has ceased.
8. Ancillary Facilities:
- a. No airstrips, camps, or other living facilities will be built off the locations. Housing and office trailers will be on the location as seen on the location layout.
9. Well Site Layout:
- a. See attached cut sheet.
 - b. Company representatives will determine if the pit is to be lined, and if so, the type of material to be used.

- c. Topsoil shall be stripped to a depth of 4 to 6 inches and stockpiled as shown on the location layout plat.
 - d. The back slopes of the locations will be no steeper than vertical or $\frac{1}{2}$:1 in rock and 2:1 elsewhere.
 - e. The upper edges of all cut banks on the access roads and well pads will be rounded.
 - f. Catchment ponds to be placed as required to intercept drainage re-routes.
10. Plans for Restoration:
- a. Immediately upon completion, the location and surrounding area will be cleared of all debris, materials, trash and junk not required for production.
 - b. Before any dirt work to restore the location takes place, the reserve pit must be completely dry. The reserve pit will be reclaimed within one (1) year from the date of well completion.
 - c. All disturbed areas will be seeded with the mixture, which is found suitable by the Utah Division of Wildlife Resources and the landowner.
 - d. The seedbed will be prepared by disking, following the natural contour. Drill seed on contour at a depth no greater than $\frac{1}{2}$ inch. In areas that cannot be drilled, the seed will be broadcast at double the seeding rate and harrowed into soils. Certified seed is recommended.
 - e. Fall seeding will be completed after September, and prior to prolonged ground frost.
 - f. If the well is a producer, access roads will be upgraded and maintained as necessary to prevent soil erosion, and accommodate year round traffic. Areas unnecessary to operations will be reshaped, topsoil distributed, and seed distributed according to the above mixtures. Perennial vegetation would be established. Additional work may be required in case of seeding failures, etc.
 - g. If the well is abandoned or is a dry hole, the access road and location will be restored to approximate the original contours. During reclamation of the site, the fill material will be pushed into cuts and up over the back slope. No depressions will be left that would trap water or form ponds. Topsoil will be distributed evenly over the location and seeded according to the above mixture. The access road and the location shall be ripped or disked prior to seeding. Perennial vegetation must be established. Additional work shall be required in case of seeding failures, etc.
 - h. Annual or noxious weeds shall be controlled on all disturbed areas. Method of control shall be by an approved mechanical method or an Environmental Protection Agency (EPA) registered herbicide. All herbicide application will be in cooperation with Carbon County Weed Control personnel.
11. Other Information:
- a. Man uses the area for the primary purpose of grazing domestic livestock.
 - i. All activity shall cease when soils or road surfaces become saturated to a depth of three inches, unless otherwise approved by the company representative.
 - ii. If any fossils are discovered during construction, the operator shall cease construction immediately and notify the company representative so as to determine the significance of the discovery.
 - b. A Class III cultural resource inventory was completed prior to disturbance by a qualified professional archaeologist.
 - c. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are

uncovered during construction, the operator is to immediately stop work that might further disturb such materials and contact the State Historic Preservation Office (SHPO). The SHPO Officer will outline (if any) what mitigation is appropriate.

- i. If the operator wished, at any time, to relocate activities to avoid the expense of mitigation and/or delays associate with this process, the SHPO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The SHPO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the State that the required mitigation has been completed, the operator will be allowed to resume construction.
- d. Less than 10,000 pounds of any chemical(s) from the EPA's Consolidated list of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986, and less then threshold planning quantity (TPQ) of any extremely hazardous substance(s), as defined in 40 CFR, would be used, produced, transported, stored, disposed, or associated with the proposed action.

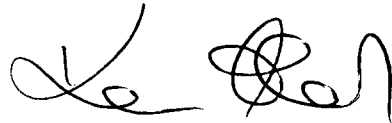
12. Lessee's or Operator's Representative:

Marion Energy, Inc.
Mr. Keri Clarke
119. South Tennessee, Suite 200
McKinney, Texas, 75069
(972) 540-2967

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site(s) and access route(s); that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Marion Energy, Inc. and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provision of 18 U.S.C. 1001 for the filing of a false statement.



Keri Clarke
Company Representative

3-31-06

Date

OIL, GAS AND COALBED METHANE LEASE

This agreement ("Lease") is effective this 15th day of JUNE, 2004, by and between **BLACKHAWK COAL COMPANY**, a Utah corporation with an address at 700 Morrison Road, Gahanna, Ohio 43230 ("Lessor") and **UTE OIL COMPANY**, a Texas corporation, dba A.C.T. OPERATING COMPANY, whose address is 201 W. Wall Street, Suite 806, Midland, TX 79701 ("Lessee");

1. **GRANTING CLAUSE:** Lessor, for and in consideration of Ten Dollars (\$10.00) per net mineral acre and other valuable consideration, the receipt of which is hereby acknowledged, and for and in consideration of the covenants and agreements hereinafter contained on the part of Lessee, has granted, demised, leased and let and by these presents does grant, demise, lease and let exclusively unto Lessee all of Lessor's right, title and interest in the lands located in the Utah County of Carbon described in EXHIBIT A attached hereto and made a part hereof, consisting of 3,000 mineral acres and 480 surface acres, more or less, including any interests therein which Lessor may hereafter acquire in Township 13 South 10 East, Carbon County, Utah, by reversion, prescription or otherwise, and also including any accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the subject lands, (the "Leased Premises") for the purpose of exploring (including the right to conduct geophysical surveys), drilling, operating, producing, saving, taking care of, treating, processing, storing on the surface and transporting and marketing coalbed methane, oil, liquid hydrocarbons, gas, or any of their constituent products, including injecting gas, waters, other fluids and air into all subsurface, coal strata horizons and formations

without liability to Lessor for migration; and laying pipelines, storing hydrocarbons above ground in a manner that will not interfere with Lessor's use of the surface, building tanks, setting up pumping units, and constructing all improvements necessary in the production and transportation of coalbed methane, oil, liquid hydrocarbons, gas, or any of their constituent products (collectively the "Minerals"); together with water rights necessary for Lessee's activities and, on a non-exclusive basis, all the rights of ingress or egress, and all other appurtenant easements and right-of-way Lessor may hold to the surface, subject to all terms and conditions of this Lease. For the purposes of this Lease, "coalbed methane" means methane gas from coal formations, coal seams or abandoned coal mine workings and all zones in communication therewith.

2. **LEASE TERM:** Subject to the other provisions of this Lease and specifically but not limited to the provisions of paragraph 3, this Lease shall commence on the date hereof and remain in full force and effect for a primary term expiring at 11:59 p.m. on the date that is five (5) years from the date hereof (the "Primary Term"), during which time the Lessee shall use its best efforts to explore for Minerals on the Leased land, and produce and sell Minerals underlying the Leased Premises. The Primary Term may not be extended by payment of shut-in royalty.

3. **EXTENDED TERM:**

- (a) Provided the Lessee has, during the Primary Term, diligently and in good faith explored the Leased Premises for Minerals and, where warranted, drilled and, where appropriate, completed a well or wells to commercially produce Minerals from the Leased Premises, Lessee

EXHIBIT "A"

Listing of lands owned by Blackhawk Coal Company as related to the Mineral
Exploration & Development Agreement

Dated JUNE 15, 2004

Between

Blackhawk Coal Company

&

Ute Oil Company (A.C.T. Operating Company)

All Lands are in Carbon County, Utah.

Township 13 South, Range 10East 100% Surface, 100% Coal, 100% Oil & Gas

	<u>Comments</u>	<u>Acres</u>
Section 2	All	640
Section 4	S/2SW, SWSE	120
Section 8	S/2S/2	160
Section 9	All less SWNW	600
Section 10	SE, E/2SW	240
Section 11	SW	160
Section 16	NW, SW, SE, SENE	520
Section 17	NE, N/2NW	240
Section 18	N/2NE	80

Total Acres of 100% Surface, 100% Coal, 100% Oil & Gas **2,760**

Township 13 South, Range 10East 100% Surface, 100% Coal, 50% Oil & Gas

	<u>Comments</u>	<u>Acres</u>
Section 5	N/2N/2	160
Section 6	N/2NE, NW, S/2SE	320
		480 * 50%

Net Oil & Gas Acres @ 50% **240**

Township 13 South, Range 10East 100% Surface Only-No Minerals

	<u>Comments</u>	<u>Acres</u>
Section 14	NWNW	40
Section 15	E/2NE, SE	240
Section 20	SESE	40
Section 22	N/2NE	80
Section 28	NWNW	40
Section 29	NENE	40

Total Acres of 100% Surface Only-No Minerals **480**

LESSORS

BLACKHAWK COAL COMPANY

By: Gerald M. Dimmerling

Name: Gerald M. Dimmerling

Title: President, Blackhawk Coal Company

LESSEE

A.C.T. Operating Company

By: Donald W. Raymond

Name: DONALD W. RAYMOND

Title: President



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
www.ut.blm.gov

MAY 04 2005

IN REPLY REFER TO:
3104
(UT-924)

DECISION

Principal:	:	
Marion Energy Inc.	:	Bond Amount: \$25,000
119 S. Tennessee, Suite 200	:	
McKinney, TX 75069	:	Bond Type: Statewide
	:	
Surety:	:	Bond Surety No.: B001632
U. S. Specialty Insurance Company	:	
13403 Northwest Freeway	:	BLM Bond No.: UTB000179
Houston, TX 77040	:	

Statewide Oil and Gas Surety Bond Accepted

On April 12, 2005, this office received a \$25,000 statewide oil and gas bond for the principal named above. The bond has been examined, found satisfactory, and is accepted effective the date of filing.

The bond constitutes coverage of all operations conducted by the principal on Federal leases in Utah. The bond provides coverage for the principal where that principal has interest, and or responsibility for operations on, leases issued under the authority of any of the Acts cited on the bond form. Please note that Federal leases do not include Indian leases.

The bond will be maintained by this office. Termination of liability under the bond will be permitted only after this office is satisfied that there are no outstanding liabilities against the bond or until a satisfactory replacement bond is furnished.

Terry Catlin
Acting Chief, Branch of
Fluid Minerals

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Bond Number

B001632

OIL AND GAS OR GEOTHERMAL LEASE BOND

Act of February 25, 1920 (30 U.S.C. 181 et seq.)
Act of August 7, 1947 (30 U.S.C. 351-359)
Department of the Interior Appropriations Act, FY 1981 (42 U.S.C. 6508)
Act of December 24, 1970 (30 U.S.C. 1001-1025)
Other Oil and Gas and Geothermal Leasing Authorities as Applicable

Lease Serial Number (For Individual Bond Only)

CHECK ONE: ☒ OIL AND GAS ☐ GEOTHERMAL RESOURCES

CHECK ONE:

☒ SURETY BOND

KNOW ALL BY THESE PRESENTS, THAT Marion Energy Inc.

(name)

of 119 S. Tennessee, Suite 200, McKinney, Texas 75069

(address)

as principal, and U.S. Specialty Insurance Company

(name)

of 13403 Northwest Freeway, Houston, Texas 77040

(address)

, as surety,

are held and firmly bound unto the United States of America in the sum of Twenty-five Thousand and no/100

dollars (\$ 25,000.00),

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

☐ PERSONAL BOND

KNOW ALL BY THESE PRESENTS, That _____

(name)

of _____, as principal, is held and firmly

(address)

bound unto the United States of America in the sum of _____

dollars (\$ _____). lawful money of the United States which sum may be

increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, in order to more fully secure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States negotiable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond and the instrument(s) granting rights and interests in Federal lands, must be paid to the principal. The principal hereby for himself/herself, any heirs, executors, administrators, successors, and assigns, joint and severally, ratifies and confirms whatever the Secretary shall do by virtue of these presents.

The principal/surety shall apply this bond or the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions and stipulations as set forth in this bond and the instruments granting rights and interests in Federal lands. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply the bond or any portion thereof; (2) for a Personal Bond, the Secretary shall have full power to assign, appropriate, apply or transfer the deposit or any portion thereof, to the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.

This bond is required for the use and benefit of (1) the United States, (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas and geothermal deposits to the United States; (3) any lessee, permittee, or contractor, under a lease, permit, or resource sale contract issued, or to be issued, by the United States covering the same land subject to this bond, covering the use of the surface or the prospecting for, or the development of other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

This bond shall cover all surface disturbing activities related to drilling operations on a Federal leasehold(s) in accordance with authorization(s) granted under the Acts cited above for:

CHECK ONE:

☐ NATIONWIDE BOND — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s) in the United States including the National Petroleum Reserve in Alaska (NPR-A) when a rider sufficient to bring the amount in conformance with 43 CFR 3134 is provided, and provided a rider is obtained, also coverage of multiple exploration operations

☒ STATEWIDE BOND — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s), except the NPR-A, and, provided a rider is obtained, also coverage of multiple exploration operations within the single state of Utah

☐ INDIVIDUAL BOND — Operations conducted by or on behalf of the principal or on the leasehold of the principal on the single lease identified by the serial number above.

NATIONAL PETROLEUM RESERVE IN ALASKA (NPR-A) BOND — This bond shall cover

☐ NPR-A LEASE BOND — The terms and conditions of a single lease

☐ NPR-A WIDE BOND — The terms and conditions of all leases, and provided a rider is obtained, coverage of multiple exploration operations

(Continued on reverse)

BOND CONDITIONS

The conditions of the foregoing obligations are such that

1. WHEREAS the principal has an interest in a lease(s) and/or responsibility for operations on a lease(s) issued under the Acts cited in this bond, and

2. WHEREAS the principal and surety agree(s) that with notice to the surety the coverage of this bond, in addition to the present holding(s) of and/or authorization(s) granted to the principal, shall extend to and include

a Any lease(s) hereafter issued to or acquired by the obligor/principal, except under individual lease bonds, the coverage is to be confined to the principal's holding(s) and/or authorization(s) granted under the Acts cited in this bond, and to become effective immediately upon such authorization, approval or issuance of a transfer in favor of the principal; and

b Any transfer(s) of operating rights hereafter entered into or acquired by the principal affecting lease(s), and

c Any activity subsequent hereto of the principal as operator under a lease(s) issued pursuant to the Acts cited in this bond, and

Provided, That the surety may elect to terminate the additional coverage authorized under this paragraph. Such termination will become effective 30 days after the BLM receives notice of the election to terminate. After the termination becomes effective, the additional interest(s) identified in this paragraph will not be covered by this bond, and

3. WHEREAS the principal and surety agree(s) that with notice to the surety that this bond shall remain in full force and effect notwithstanding. Any assignment(s) of an undivided interest in any part or all of the lands in the lease(s) in which event the assignee(s) shall be considered to be coprincipal(s) on an individual or NPR-A bond as fully and to the same extent as though his/her or their duly, authenticated signatures appeared thereon, and

4. WHEREAS the obligor/surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding.

a Any assignment(s) of 100% of some of the lands described in the lease(s), the bond to remain in full force and effect only as to the lands retained in the lease(s), and

b Any transfer(s) either in whole or in part, of any or all of the operating rights and further agrees to remain bound under this bond as to the interests in the operating rights retained by the principal, and

c Any modification of a lease or operating right, or obligation thereunder, whether made or effected by commitment of lease or operating right to unit, cooperative, communitization or storage agreements, or development contracts, suspensions of oper-

ations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise, and

d. Any extension of a lease(s) covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease(s); and

5. WHEREAS the principal and surety hereby agree(s) that notwithstanding the termination, expiration, cancellation or relinquishment of any lease(s), whether by operation of law or otherwise, the bond shall remain in full force and effect as to the terms and conditions of all remaining leases and obligations covered by the bond, and

6. WHEREAS the principal, as to any lease or part of a lease for land on which he/she is the operator, in consideration of being permitted to furnish this bond in lieu of the lessee(s) or operating rights owner(s), agrees and by these presents does hereby bind himself/herself to fulfill on behalf of each lessee or operating rights owner all obligations of such for the entire leasehold in the same manner and to the same extent as though he/she were lessee or operating rights owner, and

7. WHEREAS the obligor/principal and surety agree(s) that the neglect or forbearance of said lessor in enforcing, as against any responsible party, the payment of rentals or royalties or the performance of any other term or condition of the lease(s) shall not, in any way, release the principal and surety, or either of them from any liability under this bond; and

8. WHEREAS the principal and surety agree(s) that in the event of any default under the lease(s) the lessor may commence and prosecute any claim, suit, or other proceeding against the principal and surety or either of them, without the necessity of joining the lessee(s), and

9. WHEREAS if the principal fails to comply with any provisions of an oil and gas lease, and the noncompliance continues for thirty (30) days after written notice thereof, such lease shall be subject to cancellation and the principal shall also be subject to applicable provisions and penalties of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701 et seq.) or the Federal Onshore Oil and Gas Leasing Reform Act. This provision shall not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default.

10. NOW, THEREFORE If said principal, his/her heirs, executors, administrators, successors, or assigns shall in all respects faithfully comply with all of the provisions of the instrument(s) granting rights and interests in Federal lands referred to above, then the obligations are to be void, otherwise to remain in full force and effect.

Signed this 7th day of April, 2005, in the presence of

NAMES AND ADDRESSES OF WITNESSES

BJE (MARION ENERGY)
RC (Marion Energy)

Molly Battenfield

Diane E. Carey

Marion Energy Inc.

(Principal)

119 S. Tennessee, Suite 200, McKinney, Texas 75069

(Business Address)

W. Russell Brown, Jr., Attorney-in-Fact (Surety) U.S. Specialty Insurance Company

13403 Northwest Freeway, Houston, Texas 77040

(Business Address)

If this bond is executed by a corporation, it must bear the seal of that corporation

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY, IF WRITTEN, FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM, WILL BE EXCLUDED IF THE U.S. GOVERNMENT FAILS TO ENACT AN EXTENSION TO TRIA OR ENACTS CHANGES TO TRIA THAT SUBSTANTIALLY CHANGE THE RISK OF LOSS THAT AN INSURER OR POLICYHOLDER HAS ASSUMED.

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POWER OF ATTORNEY

PA001632

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 15th day of March, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



State of Texas

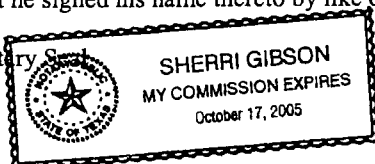
County of Harris


ss:

Edward H. Ellis, Jr., Executive Vice President

On this 15th day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



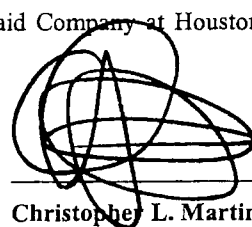
 Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 7th day of April, 20 05.

Corporate Seal



Christopher L. Martin, Secretary

Bond No. B001617

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 4A

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) Marion Energy Inc. as Principal,
and

(surety name) U.S. Specialty Insurance Company as Surety, duly authorized
and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

One Hundred Fifty Thousand and no/100 dollars (\$ \$150,000.00)
lawful money of the United States, payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and
benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and
severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, redrilling, deepening,
repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of
oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

☒ Blanket Bond: To cover all wells drilled in the State of Utah

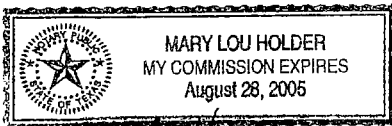
☐ Individual Bond: Well No: _____
Section: _____ Township: _____ Range: _____
County: _____, Utah

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and
requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells
and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized
officers and its corporate or notary seal to be affixed this

31 day of March, 20 05

(Corporate or Notary Seal here)



Attestee: Mary Lou Holder Date: 4/5/05

Marion Energy Inc.

Principal (company name)

By

KERI CLARKE VICE PRESIDENT AND
Name (print) Title

[Signature]

Signature

IN TESTIMONY WHEREOF, said Surety has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal
to be affixed this

31 day of March, 20 05

(Corporate or Notary Seal here)

Attestee: [Signature] Date: 4/5/05

U.S. Specialty Insurance Company

Surety Company (Attach Power of Attorney)

By

Edwin H. Frank, III Attorney-in-Fact
Name (print) Title

[Signature]

Signature

13403 Northwest Freeway

Surety Mailing Address

Houston Texas 77040
City State Zip

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Terrorism Risk Insurance Act of 2002**

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The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY, IF WRITTEN, FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM, WILL BE EXCLUDED IF THE U.S. GOVERNMENT FAILS TO ENACT AN EXTENSION TO TRIA OR ENACTS CHANGES TO TRIA THAT SUBSTANTIALLY CHANGE THE RISK OF LOSS THAT AN INSURER OR POLICYHOLDER HAS ASSUMED.

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POWER OF ATTORNEY

PA001617

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

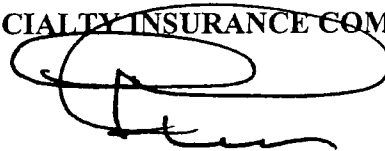
Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 15th day of March, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



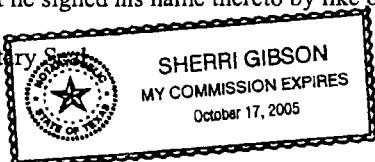
State of Texas

County of Harris ss:

Edward H. Ellis, Jr., Executive Vice President

On this 15th day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



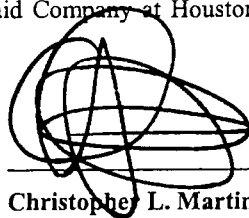
Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 31st day of March, 2005.

Corporate Seal



Christopher L. Martin, Secretary

Bond No. B001617R04-05-05

RECEIVED

SURETY RIDER

APR 06 2005

DIV. OF OIL, GAS & MINING

To be attached to and form a part of Bond No. B001617 on behalf of
Marion Energy Inc., as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of bond: March 31, 2005Effective date of change: March 31, 2005

In consideration of the mutual agreement herein contained, the principal and
the surety hereby consent to the following changes:

The penalty amount of the bond has changed from:

\$150,000.00

TO:

\$120,000.00

Nothing herein contained shall vary, alter, or extend any provision or
condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 5, 2005

State of Utah
Dept. of Natural Resources
Division of Oil, Gas and Mining
Name of Obligee

Earlene Russell
Signature

EARLENE RUSSELL
ENGINEERING TECHNICIAN, BONDING

Name and title of person
executing for Principal

U.S. Specialty Insurance Company
Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr. Attorney-in-Fact
Name and title of person
executing for Surety

Bond No. B001617R04-05-05

RECEIVED

APR 06 2005

SURETY RIDER

DIV. OF OIL, GAS & MINING

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State of Utah
Dept. of Natural Resources
Division of Oil, Gas and Mining
Name of Obligee

Earlene Russell
Signature

EARLENE RUSSELL
ENGINEERING TECHNICIAN, BONDING
Name and title of person
executing for Principal

U.S. Specialty Insurance Company
Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr. Attorney-in-Fact
Name and title of person
executing for Surety

POWER OF ATTORNEY

PA001617

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

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Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



State of Texas

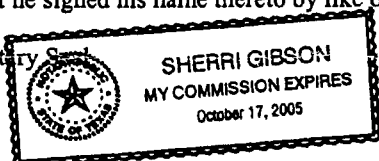
County of Harris


ss:

Edward H. Ellis, Jr., Executive Vice President

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Notary Seal



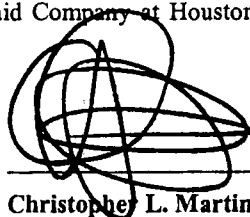
 Notary Public

My commission expires 10-17-05

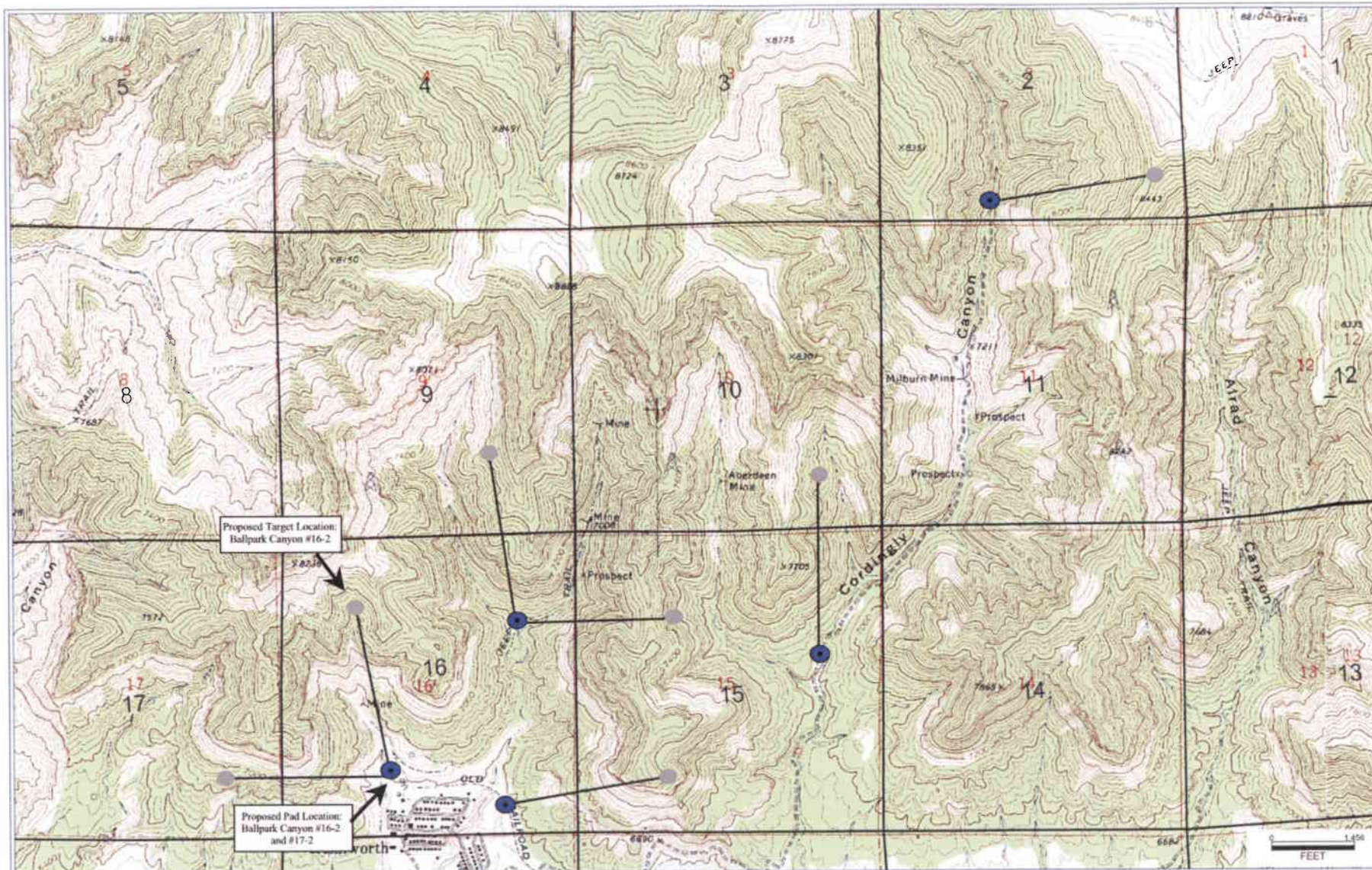
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Corporate Seal



Christopher L. Martin, Secretary



LEGEND

- Proposed Target Location
- Proposed Pad Location
- Proposed Vertical Location
- Existing Pad
- Existing Directional Target Location



Marion Energy Inc.

Directional Well -Ballpark Canyon #16-2
SW Section 16 T. 13S., R 10 E., S.L.B.
Surface Location: 1056.37ft FSL 1871.53ft FWL
NW Section 16 T. 13S., R 10 E., S.L.B.
Target Location: 1634ft FNL 1349ft FWL



Marion Energy Inc.

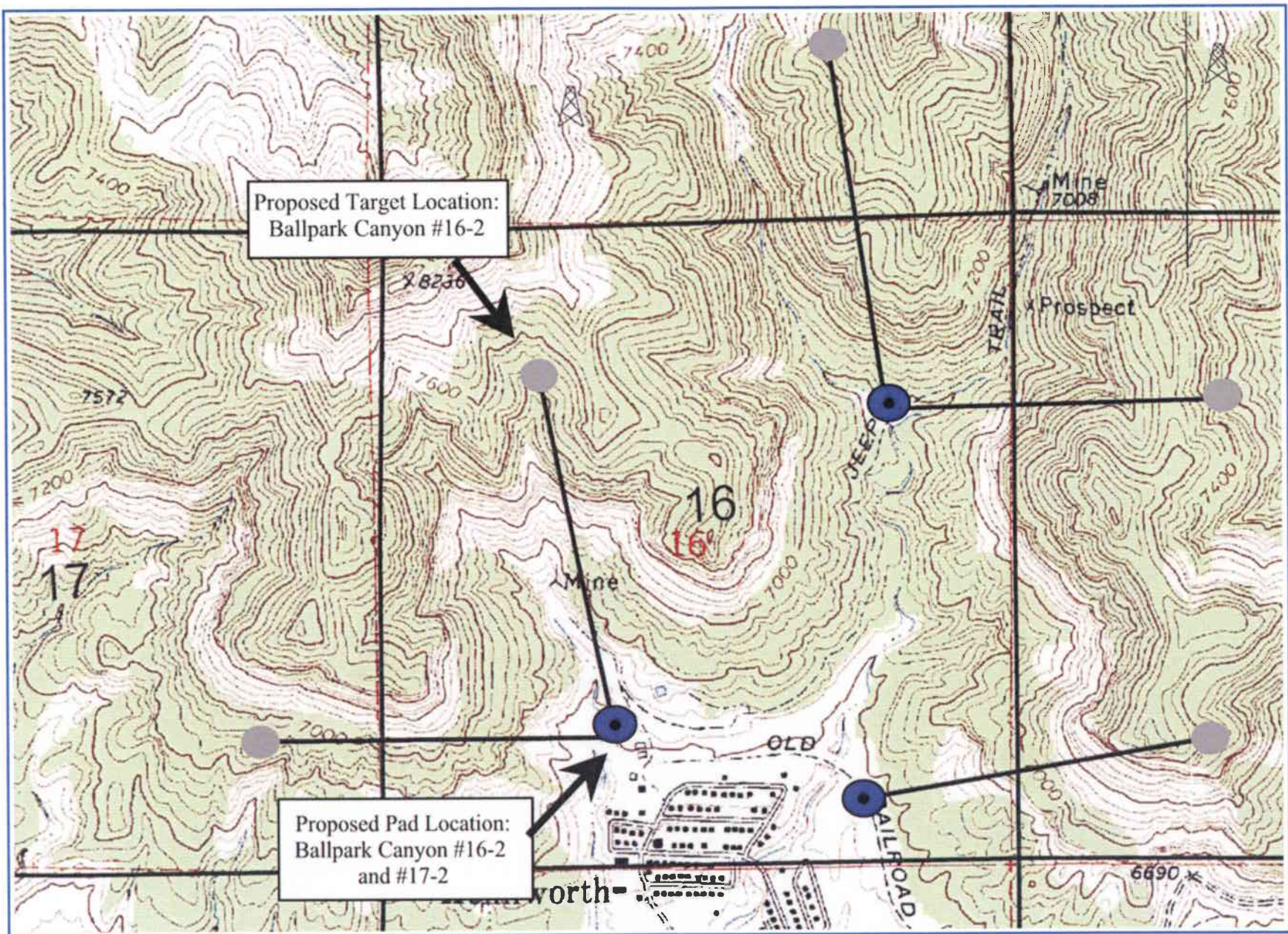
119. S. Tennessee Suite 200
McKinney, TX, 75069
Tel: (972) 540-2967
Fax: (972) 547-0442

Topographic Map

Created on March 23rd 2006

Created by John Pinkerton

Revised: MM-DD-YY



LEGEND

- | | |
|------------------------------|--|
| ● Proposed Target Location | ● Existing Pad |
| ● Proposed Pad Location | ● Existing Directional Target Location |
| ● Proposed Vertical Location | |

B
TOPO

Marion Energy Inc.

Directional Well -Ballpark Canyon #16-2
SW Section 16 T. 13S., R 10 E., S.L.B.
Surface Location: 1056.37ft FSL 1871.53ft FWL
NW Section 16 T. 13S., R 10 E., S.L.B.
Target Location: 1634ft FNL 1349ft FWL



Marion Energy Inc.

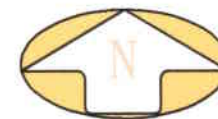
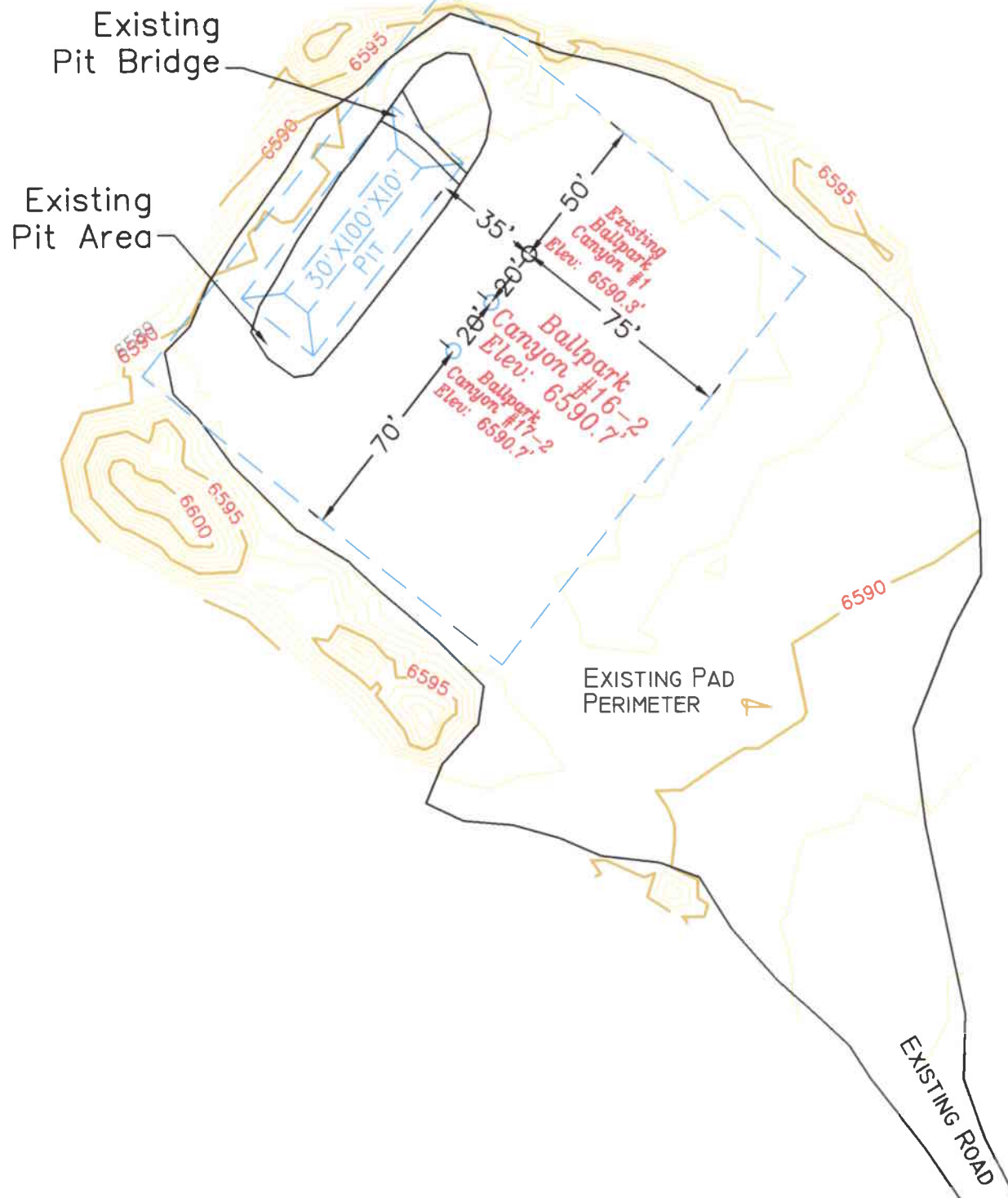
119, S. Tennessee Suite 200
McKinney, TX, 75069
Tel: (972) 540-2967
Fax: (972) 547-0442

Topographic Map

Created on March 23rd 2006

Created by John Pinkerton

Revised: MM-DD-YY



TALON RESOURCES, INC.

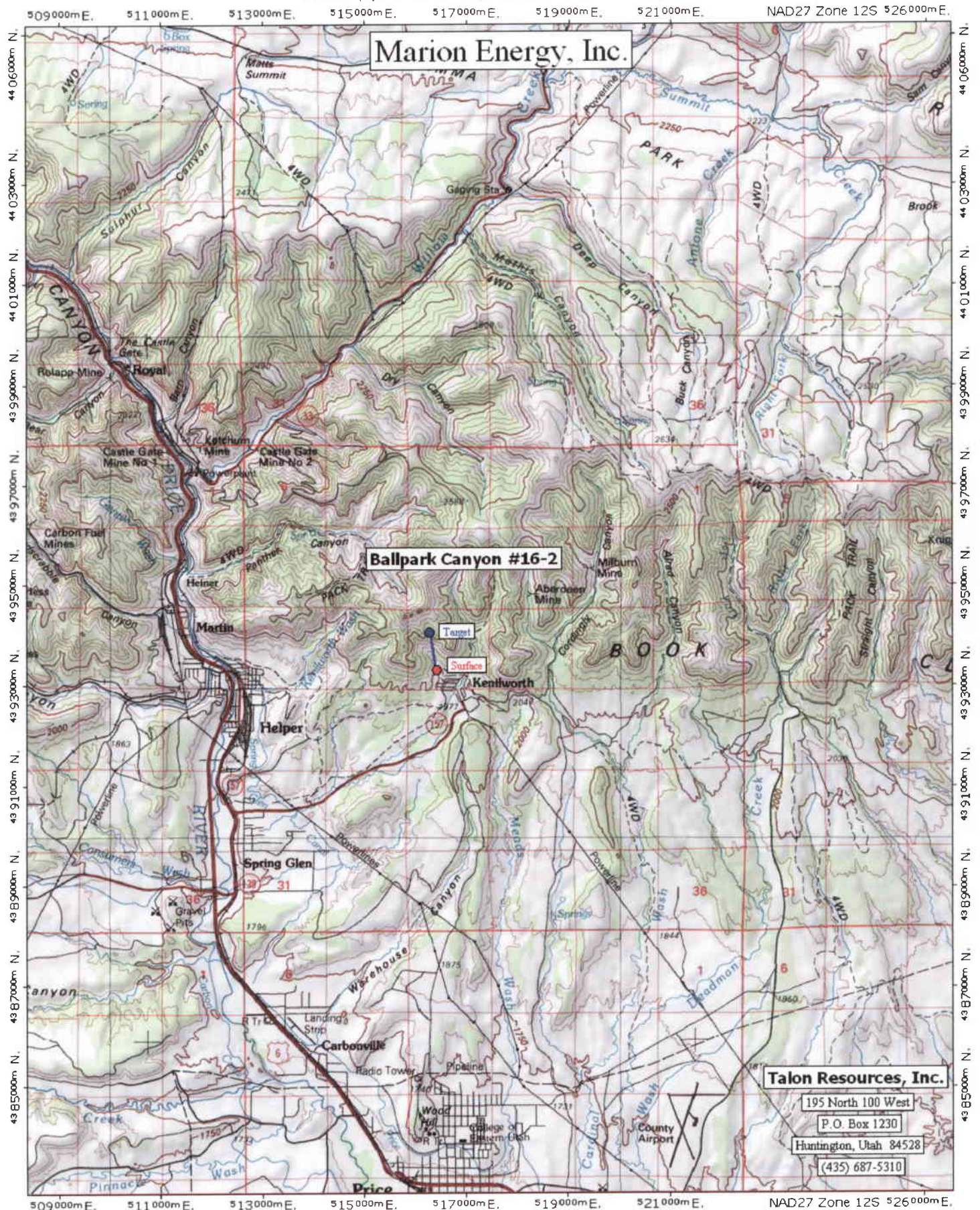
195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonsetv.net



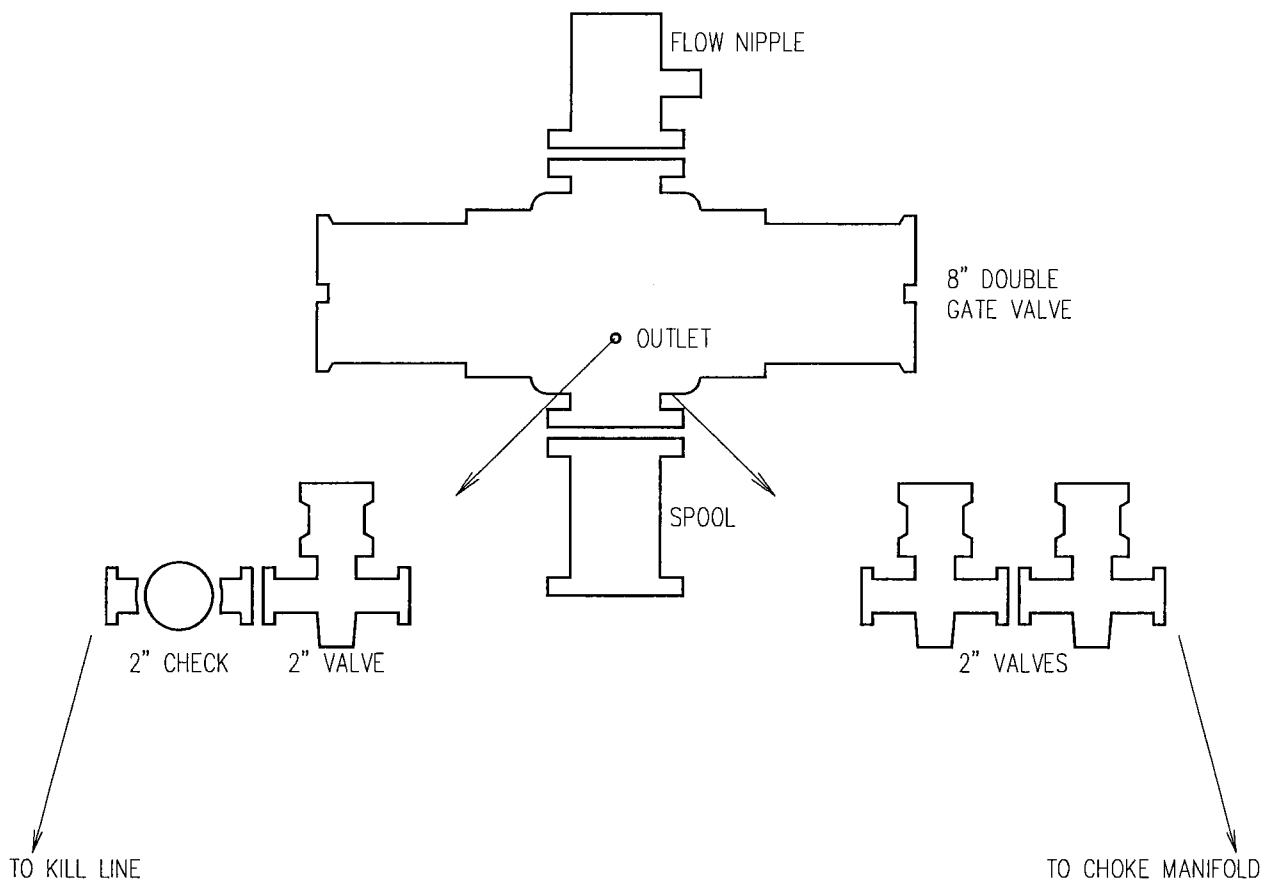
Marion Energy Inc.

LOCATION LAYOUT Section 16, T13S, R10E, S.L.B.&M. Ballpark Canyon #16-2

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 3/27/06
	Scale: 1" = 50'
Sheet 2 of 3	Job No. 2342

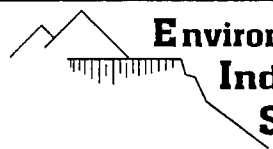


TN MN
12°



REVISIONS

#	DATE	BY



**Environmental
Industrial
Services**

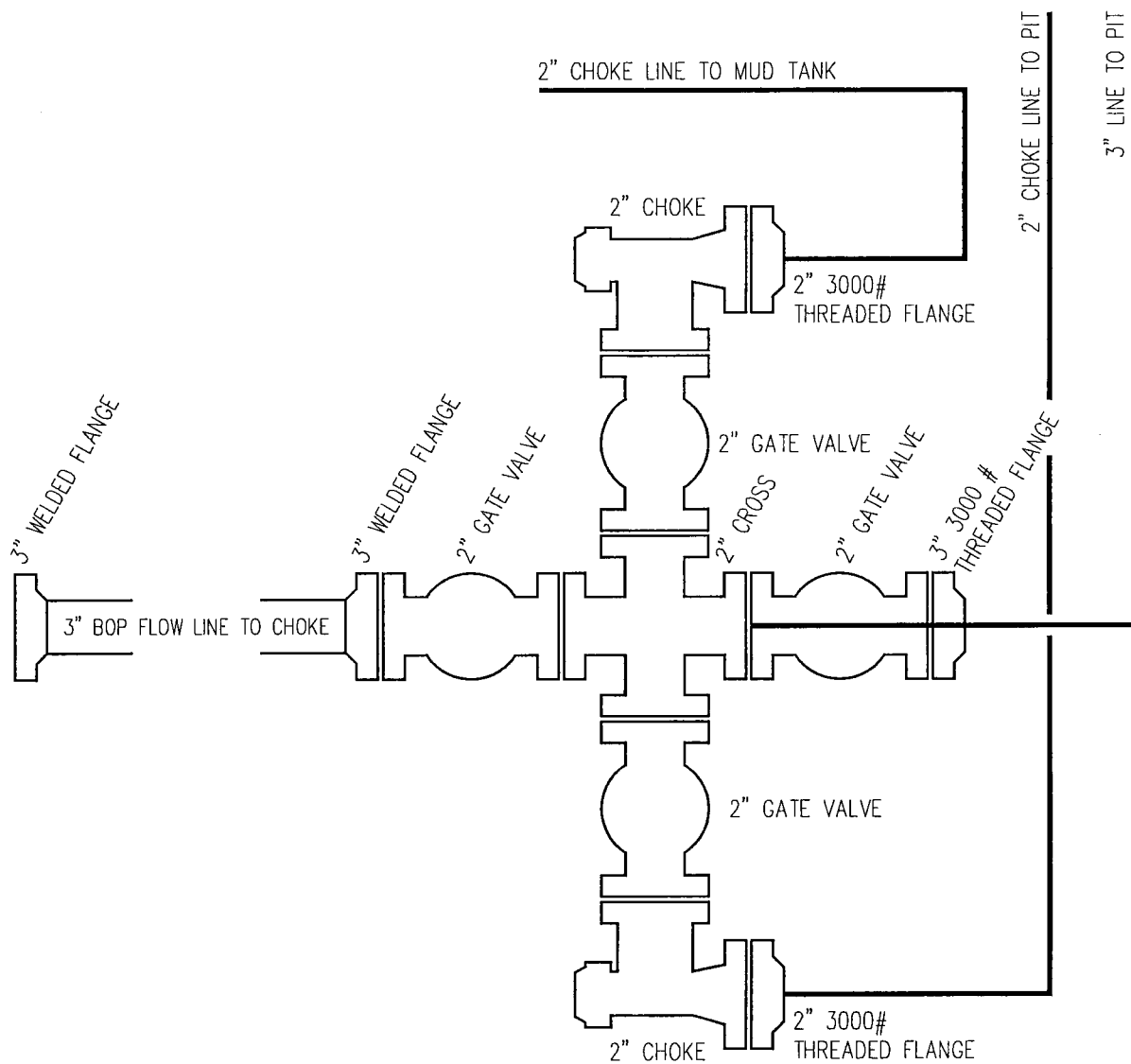
Environmental & Engineering Consulting

31 NORTH MAIN STREET
HELPER, UTAH 84526
(435) 472-3814

MARION ENERGY, INC.

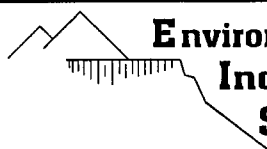
119 SOUTH TENNESSEE #200
MCKINNEY, TEXAS

DRAWING NAME:		TYPICAL RIG	
DRAWN BY:	PJJ	SCALE:	NONE
APPROVED BY:	EIS	DATE:	10/17/05
		SHEET:	FIGURE 2



REVISIONS

#	DATE	BY



**Environmental
Industrial
Services**

Environmental & Engineering Consulting

31 NORTH MAIN STREET
(435) 472-3814 HELPER, UTAH 84526

MARION ENERGY, INC.

119 SOUTH TENNESSEE #200
MCKINNEY, TEXAS

DRAWING NAME:		TYPICAL RIG	
DRAWN BY:	PJJ	SCALE:	NONE
APPROVED BY:	EIS	DATE:	10/17/05
		SHEET:	FIGURE 1

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 04/04/2006

API NO. ASSIGNED: 43-007-31171

WELL NAME: BALLPARK CYN 16-2

OPERATOR: MARION ENERGY INC (N2740)

CONTACT: KERI CLARKE

PHONE NUMBER: 972-540-2967

PROPOSED LOCATION:

SESW 16 130S 100E

SURFACE: 1056 FSL 1871 FWL

BOTTOM: 1634 FNL 1349 FWL

COUNTY: CARBON

LATITUDE: 39.69106 LONGITUDE: -110.8086

UTM SURF EASTINGS: 516415 NORTHINGS: 4393276

FIELD NAME: HELPER (18)

INSPECT LOCATN BY: / /

Tech Review

Initials

Date

Engineering

DKD

5/18/06

Geology

Surface

LEASE TYPE: 4 - Fee

LEASE NUMBER: FEE

SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: FRSD

COALBED METHANE WELL? YES

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[] Ind[] Sta[] Fee[]
(No. B001617)

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit

(No. PRRV)

☒ RDCC Review (Y/N)

(Date:)

☒ Fee Surf Agreement (Y/N)

☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

☐ R649-2-3.

Unit: _____

☐ R649-3-2. General

Siting: 460 From Qtr/Qtr & 920' Between Wells

☐ R649-3-3. Exception

☐ Drilling Unit

Board Cause No: _____

Eff Date: _____

Siting: _____

☒ R649-3-11. Directional Drill

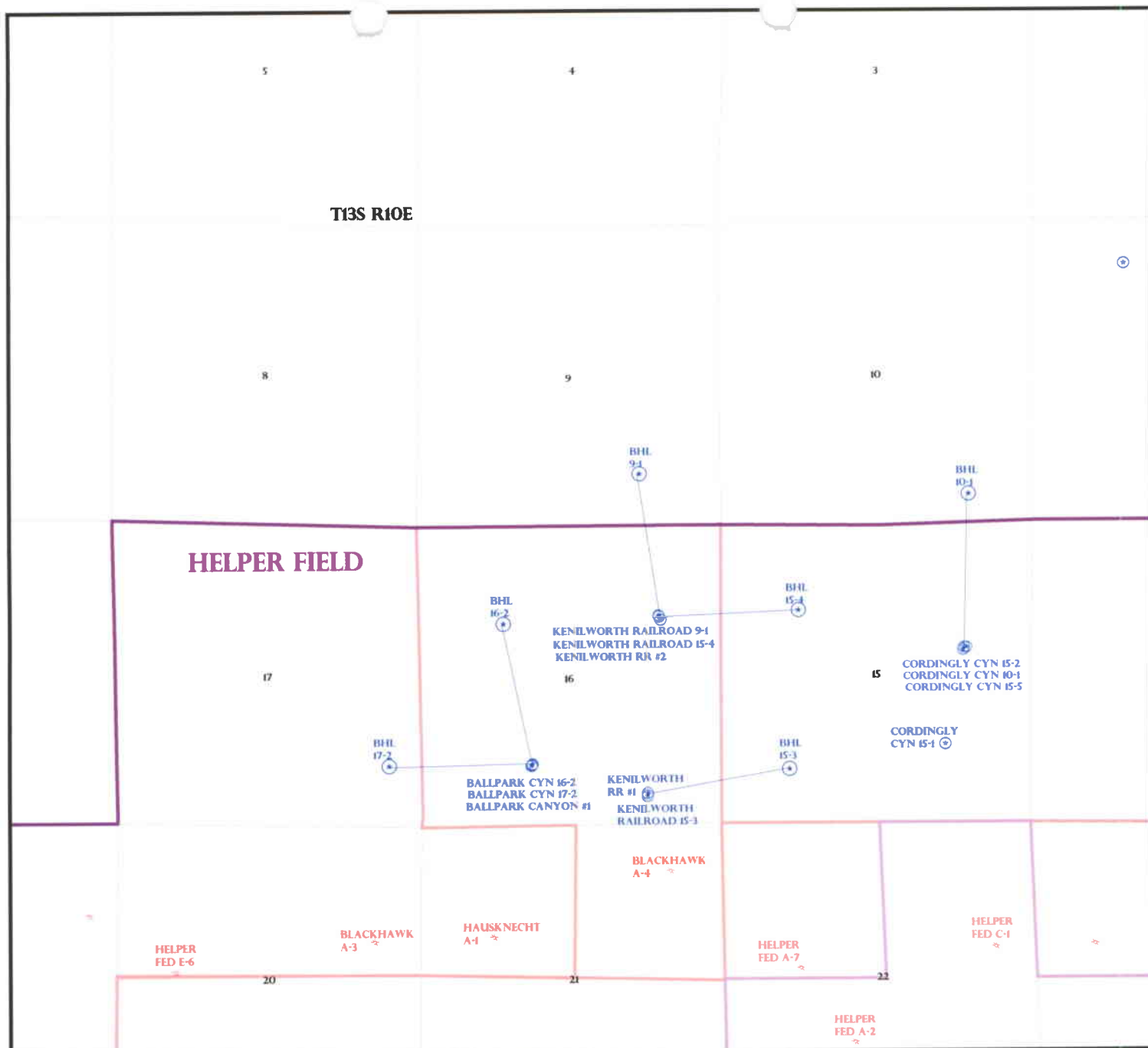
COMMENTS:

Needs Opus 16 (04-26-06)

STIPULATIONS:

1- Spacing Slip

2- STATEMENT OF BASIS



OPERATOR: MARION ENERGY INC (N2740)

SEC: 15,16 T. 13S R. 10E

FIELD: HELPER FIELD (18)

COUNTY: CARBON

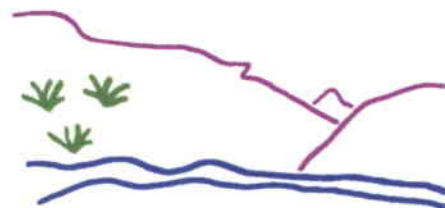
SPACING: R649-3-11 / DIRECTIONAL DRILLING

Field Status
 [] ABANDONED
 [] ACTIVE
 [] COMBINED
 [] INACTIVE
 [] PROPOSED
 [] STORAGE
 [] TERMINATED

Unit Status
 [] EXPLORATORY
 [] GAS STORAGE
 [] NF PP OIL
 [] NF SECONDARY
 [] PENDING
 [] PI OIL
 [] PP GAS
 [] PP GEOTHERML
 [] PP OIL
 [] SECONDARY
 [] TERMINATED

Wells Status

[] GAS INJECTION
 [] GAS STORAGE
 [] LOCATION ABANDONED
 [] NEW LOCATION
 [] PLUGGED & ABANDONED
 [] PRODUCING GAS
 [] PRODUCING OIL
 [] SHUT-IN GAS
 [] SHUT-IN OIL
 [] TEMP. ABANDONED
 [] TEST WELL
 [] WATER INJECTION
 [] WATER SUPPLY
 [] WATER DISPOSAL
 [] DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
 DATE: 13-APRIL-2006

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: Marion Energy Inc.
WELL NAME & NUMBER: Ballpark Canyon 16-2
API NUMBER: 43-007-31171
LEASE: Fee **FIELD/UNIT:** _____
LOCATION: 1/4,1/4 SESW **Sec:** 16 **TWP:** 13S **RNG:** 10E 1056 FSL 1871 FWL
LEGAL WELL SITING: 460 F **SEC. LINE;** 460 F **1/4,1/4 LINE;** 920 F **ANOTHER WELL.**
GPS COORD (UTM): X= 516415 E; Y= 4394015 N **SURFACE OWNER:** American Electric Power.

PARTICIPANTS

M. Jones (DOGM), Doug Endsley, Erik Norton, Scott Jacoby, Ben Evans (Marion), Gayla Williams (Carbon County), Nelson Kidder and Tonya Hammond (AEP) were in attendance during the pre-site inspection.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is ~610 feet northwest of the nearest residence on the Kenilworth community in Carbon County, Utah. The immediate area surrounding the proposed well is mining activities and recreation. Location is staked on property owned by Carbon County through a quit claim deed that stipulates surface ownership reverts back to AEP upon any mineral development. Access to this well will be along existing County maintained roads, existing gas field roads, and upgraded two-track roads, skirting around town on the north and west sides. The direct area drains to the southwest into dry wash drainages, eventually making its way into the Price River, a year-round live water source, ~3.5 miles southwest. Dry washes are common throughout the area.

SURFACE USE PLAN

CURRENT SURFACE USE: Mining, grazing, recreation, and wildlife habitat.

PROPOSED SURFACE DISTURBANCE: 140' x 160' w/ 30' x 80' x 10' included pit.

LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS: 10 producing, proposed, shut-in, injection, and/or PA wells are within a 1 mile radius of the above proposed well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: On location and along roadway.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and trucked to site.

ANCILLARY FACILITIES: None anticipated.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): Noise due to ampha-theatre affect off of the cliffs behind Kenilworth town has been a voiced concern from townspeople. Locals have voiced their concerns and objections due to the relative closeness to

town of the access roads and well sites. I have not heard much in the way of comments or concerns from locals regarding the Anadarko Petroleum wells also located in close proximity to the town-site. Removal of the ballpark might increase local animosity towards the gas wells.

WASTE MANAGEMENT PLAN:

Garbage - All garbage will be removed from site and disposed at the appropriate disposal facility.

Reserve pit contents - ECDC Environmental of Carbon County. Will haul and test as necessary all contents of reserve pit.

Produced Water - Will be hauled from site and disposed of in the appropriate disposal facility, unless agreements with other operators can be made to dispose produced water in existing disposal well.

Sanitation Facilities - Will be supplied and cleaned as necessary during drilling operations.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: Dry washes are common throughout the immediate area of the proposed well location.

FLORA/FAUNA: Weeds, grasses, deer, rodents, fowl.

SOIL TYPE AND CHARACTERISTICS: Rock clay.

SURFACE FORMATION & CHARACTERISTICS:

EROSION/SEDIMENTATION/STABILITY: Erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Dugout earthen, 30'x80'x10', included w/in location.

LINER REQUIREMENTS (Site Ranking Form attached): Liner required. Existing pit and liner is in excellent condition and will be used to drill the proposed well.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: Signed.

CULTURAL RESOURCES/ARCHAEOLOGY: None requested by landowner.

OTHER OBSERVATIONS/COMMENTS

ATTACHMENTS

Photos of this location were taken and placed on file.

Mark L. Jones
DOGM REPRESENTATIVE

April 25, 2006 / 2:30 pm
DATE/TIME

**E. uation Ranking Criteria and Ranking . re
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>20</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>0</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>10</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>15</u>

Final Score 50 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.

DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

OPERATOR: Marion Energy Inc.
WELL NAME & NUMBER: Ballpark Canyon 16-2
API NUMBER: 43-007-31171
LOCATION: 1/4,1/4 SESW Sec:16 TWP: 13 S RNG: 10 E 1056 FSL 1871 FWL

Geology/Ground Water:

It is unlikely that significant volumes of high quality ground water will be encountered at this location. A poorly to moderately permeable soil is most likely to be developed on Quaternary/Tertiary Pediment Mantle covering the Upper part of the Blue Gate Member of the Mancos Shale. The proposed casing and cementing program should adequately isolate any zones of fresh water that may be penetrated. No underground water right has been filed within a mile of the location.

Reviewer: Christopher J. Kierst

Date: 5/11/2006

Surface:

Proposed location is ~610 feet northwest of the nearest residence on the Kenilworth community in Carbon County, Utah. The immediate area surrounding the proposed well is mining activities and recreation. Location is staked on property owned by Carbon County through a quick claim deed that stipulates surface ownership reverts back to AEP upon any mineral development. Access to this well will be along existing County maintained roads, existing gas field roads, and upgraded two-track roads, skirting around town on the north and west sides. The direct area drains to the southwest into dry wash drainages, eventually making its way into the Price River, a year-round live water source, ~3.5 miles southwest. Dry washes are common throughout the area. Existing pit and liner is in excellent condition and will be used to drill the proposed well. Other issues talked about were; location layout, watershed and runoff control, access and right-of-ways, as well as concerns and potential concerns of nearby residents. M. Jones (DOGM), Doug Endsley, Erik Norton, Scott Jacoby, Ben Evans (Marion), Gayla Williams (Carbon County), Nelson Kidder and Tonya Hammond (AEP) were in attendance during the pre-site inspection.

Reviewer: Mark L. Jones

Date: May 5, 2006

Conditions of Approval/Application for Permit to Drill:

1. Liner (12 mil. minimum) in the reserve pit. (Existing pit and liner will be used.)



[State Online Services](#)

[Agency List](#)

[Business.utah.gov](#)

Search Utah.gov

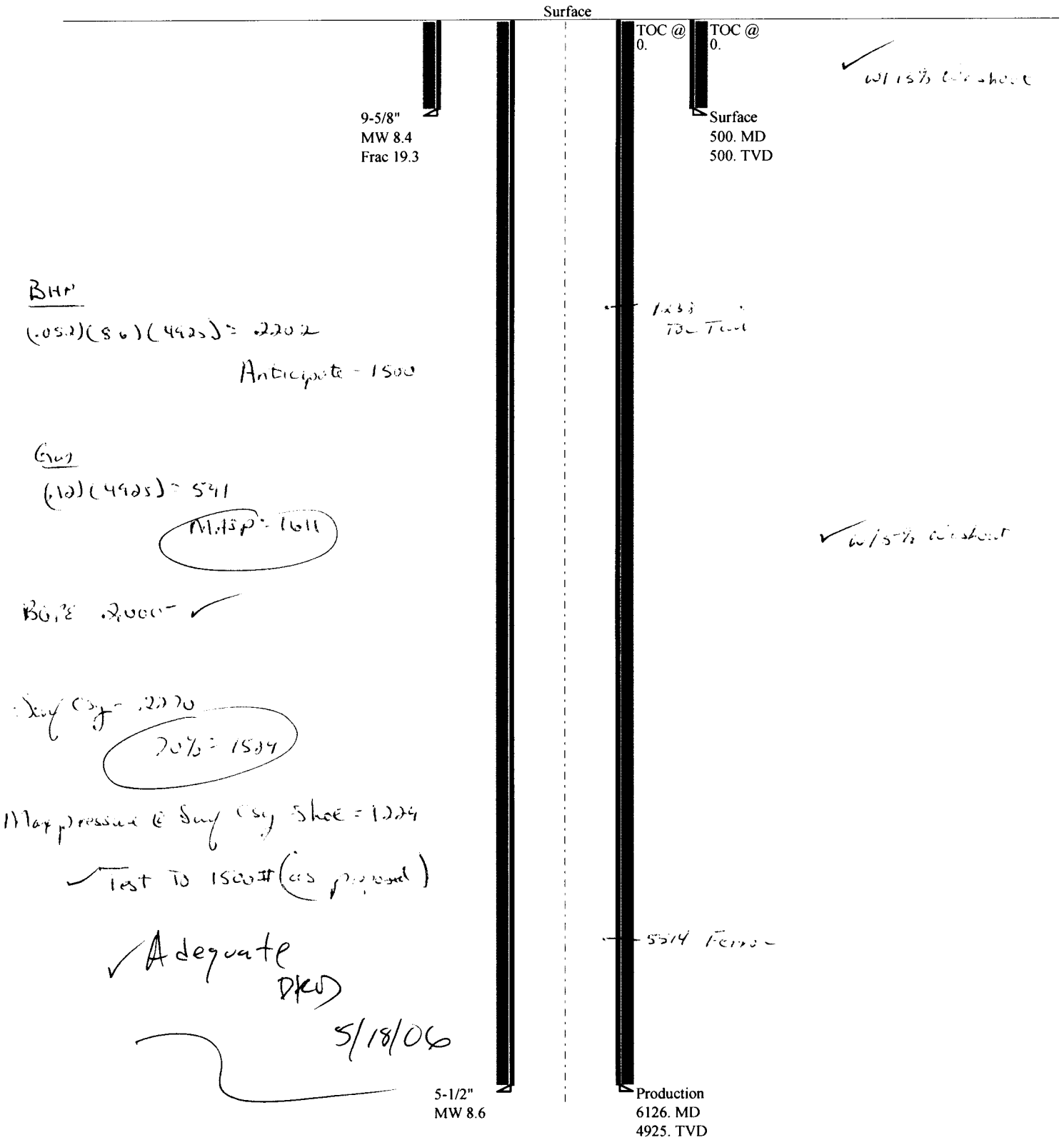


UTAH DIVISION OF WATER RIGHTS

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06 Marion Ballpark Cyn 16- Directional Casing Schematic



Well name:	05-06 Marion Ballpark Cyn 16-2 Directional	
Operator:	Marion Energy Inc	
String type:	Surface	Project ID: 43-007-31171
Location:	Carbon Co.	

Design parameters:

Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 72 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 185 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.447 psi/ft
Calculated BHP 223 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 438 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 4,925 ft
Next mud weight: 8.600 ppg
Next setting BHP: 2,200 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 500 ft
Injection pressure 500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	500	9.625	32.30	H-40	ST&C	500	500	8.876	31.7

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	218	1370	6.279	223	2270	10.16	16	254	15.73 J

Prepared Clinton Dworshak
by: Utah Div. of Oil & Mining

Date: May 17,2006
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 500 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:

05-06 Marion Ballpark Cyn 16-2 DirectionalOperator: **Marion Energy Inc**String type: **Production**

Project ID:

43-007-31171

Location: **Carbon Co.****Design parameters:****Collapse**

Mud weight: 8.600 ppg

Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No

Surface temperature: 65 °F

Bottom hole temperature: 134 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: 368 ft

Cement top: Surface

Burst

Max anticipated surface

pressure: 0 psi

Internal gradient: 0.447 psi/ft

Calculated BHP 2,200 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Directional well information:

Kick-off point 500 ft

Departure at shoe: 2939 ft

Maximum dogleg: 2.5 °/100ft

Inclination at shoe: 50 °

Tension is based on air weight.

Neutral point: 5,127 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	6126	5.5	17.00	J-55	ST&C	4925	6126	4.767	211.1
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	2200	4910	2.232	2200	5320	2.42	84	229	2.74 J

Prepared Clinton Dworshak
by: Utah Div. of Oil & MiningDate: May 17,2006
Salt Lake City, Utah**ENGINEERING STIPULATIONS: NONE**

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 4925 ft, a mud weight of 8.6 ppg The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

Engineering responsibility for use of this design will be that of the purchaser.



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

May 19, 2006

Marion Energy Inc.
119 S Tennessee, Ste. 200
McKinney, TX 75069

Re: Ballpark Canyon 16-2 Well, 1056' FSL, 1871' FWL, SE SW, Sec. 16,
T. 13 South, R. 10 East, Bottom Location 1634' FNL, 1349' FWL, SE NW,
Sec. 16, T. 13 South, R. 10 East, Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-31171.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt
Associate Director

pab
Enclosures

cc: Carbon County Assessor

Operator: Marion Energy Inc.
Well Name & Number Ballpark Canyon 16-2
API Number: 43-007-31171
Lease: Fee

Location: SE SW **Sec.** 16 **T.** 13 South **R.** 10 East
Bottom Location: SE NW **Sec.** 16 **T.** 13 South **R.** 10 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.

5. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

6. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
7. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: MARION ENERGY INC

Well Name: BALLPARK CYN 16-2

Api No: 43-007-31171 Lease Type: FEE

Section 16 Township 13S Range 10E County CARBON

Drilling Contractor BEEMAN BROS DRILLING RIG #

SPUDDED:

Date 5/24/06

Time

How DRY

Drilling will Commence:

Reported by DOUG ENDSLEY

Telephone # (972) 574-9001

Date 06/01/2006 Signed CHD

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

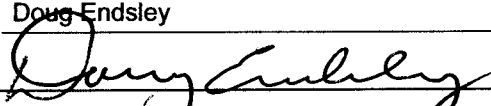
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <u>CBM</u>		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE-BH-61504
2. NAME OF OPERATOR: Marion Energy, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 S. Tennessee # 200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1056.37ft FSL 1871.53 FWL SW/4		8. WELL NAME and NUMBER: Ballpark Canyon # 16-2
PHONE NUMBER: (972) 540-2967		9. API NUMBER: 43-007-31171
10. FIELD AND POOL, OR WILDCAT: Helper Field		
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
COUNTY: Carbon		
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 16 13S 10E		STATE: UTAH

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>5/22/2006</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Spud</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Beeman Bros. Drilling will move in and begin drilling the surface hole on 5/22/2006. Once casing is set, no further action will be taken until a drilling rig is available and the APD is approved.

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE <u></u>	DATE <u>5/22/2006</u>

(This space for State use only)

RECEIVED

MAY 26 2006

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE-BH-61504
b. TYPE OF WORK: NEW WELL <input type="checkbox"/> HORIZ. LATS. <input type="checkbox"/> DEEP-EN <input type="checkbox"/> RE-ENTRY <input type="checkbox"/> DIFF. RESVR. <input type="checkbox"/> OTHER P & A		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR: Marion Energy, Inc.		7. UNIT or CA AGREEMENT NAME
3. ADDRESS OF OPERATOR: 119 S. Tennessee #200 CITY McKinney STATE TX ZIP 75069		8. WELL NAME and NUMBER: Ballpark Canyon 16-2
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1056.3ft. FSL 1871.53 FWL SW/4 AT TOP PRODUCING INTERVAL REPORTED BELOW: AT TOTAL DEPTH:		9. API NUMBER: 43-007-31191
		10. FIELD AND POOL, OR WILDCAT Helper
		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 16 13S 10E
		12. COUNTY Carbon
		13. STATE UTAH

14. DATE SPUDDED: 5/16/2006	15. DATE T.D. REACHED: 5/17/2006	16. DATE COMPLETED: 5/19/2006	ABANDONED <input checked="" type="checkbox"/> READY TO PRODUCE <input type="checkbox"/>	17. ELEVATIONS (DF, RKB, RT, GL): 6650' GL
18. TOTAL DEPTH: MD TVD 300	19. PLUG BACK T.D.: MD TVD 300	20. IF MULTIPLE COMPLETIONS, HOW MANY? *	21. DEPTH BRIDGE MD PLUG SET: TVD	
22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)			23. WAS WELL CORED? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit analysis) WAS DST RUN? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit report) DIRECTIONAL SURVEY? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit copy)	

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12 1/4"	---	-	0	300		"G" 259		Surf. - circ	

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(B)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(C)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS:

- | | | | |
|--|--|---------------------------------------|---|
| <input type="checkbox"/> ELECTRICAL/MECHANICAL LOGS | <input type="checkbox"/> GEOLOGIC REPORT | <input type="checkbox"/> DST REPORT | <input type="checkbox"/> DIRECTIONAL SURVEY |
| <input checked="" type="checkbox"/> SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION | <input type="checkbox"/> CORE ANALYSIS | <input type="checkbox"/> OTHER: _____ | |

30. WELL STATUS:

P & A

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

INTERVAL B (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

INTERVAL C (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

INTERVAL D (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Mancos	0	300	Shale		

35. ADDITIONAL REMARKS (Include plugging procedure)

See attached sundry

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Doug Endsley TITLE VP Operations
 SIGNATURE *Doug Endsley* DATE 5/30/2006

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation

- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
 1594 West North Temple, Suite 1210
 Box 145801
 Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: Marion Energy Inc. Operator Account Number: N 2740
Address: 119 S. Tennessee, Ste. 200
city McKinney
state TX zip 75069 Phone Number: (972) 540-2967

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731070	Cordingly Canyon #11-1		SESW	11	13S	10E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	15432	5/30/2006			6/15/06	
Comments: <u>FRSD</u> - K							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731167	Cordingly Canyon #15-5		SENE	15	13S	10E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	15433	5/18/2006			6/15/06	
Comments: <u>FRSD</u> - K							

Well 3

43-007-31171

API Number	Well Name		QQ	Sec	Twp	Rng	County
430073174	Ballpark Canyon #16-2		SESW	16	13S	10E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	15434	5/22/2006			6/15/06	
Comments: <u>FRSD</u> - K							

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Benjamin Evans

Name (Please Print)

Signature
Landman

Title

6/9/2006

Date

RECEIVED

JUN 12 2006

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

RECEIVED
JUN 05 2006
DIV. OF OIL, GAS & MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

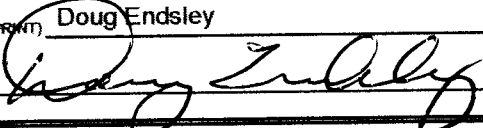
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <u>CBM</u>		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE-BH-61504
2. NAME OF OPERATOR: Marion Energy, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 S. Tennessee # 200 McKinney TX 75069		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1056.37ft FSL 1871.53 FWL SW/4		8. WELL NAME and NUMBER: Ballpark Canyon # 16-2
5. PHONE NUMBER: (972) 540-2967		9. API NUMBER: 43-007-31171
6. COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Helper Field
7. STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 5/26/2006	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

As per verbal instructions, Marion Energy, Inc. had to plug and abandon the surface hole. While drilling surface the 12 1/4" surface bit twisted off at 300'. Attempts to fish the bit were unsuccessful and the hole had to be abandoned. We propose to slide the rig 5' and redrill the surface hole. The original surface hole was plugged with 259 sacks of cement. Cement was brought to surface.

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE 	DATE <u>5/22/2006</u>

(This space for State use only)



Marion Energy Inc.

RECEIVED

JUN 05 2006

OIL & GAS & MINING

May 30, 2006

Dustin Doucet
Division of Oil, Gas, and Mining
PO BOX 145801
Salt Lake City, Utah 84114-5801

Dear Dustin,

As per our phone conversation regarding the Ballpark Canyon 16-2, I am submitting a sundry notice detailing what happened during the drilling of the surface hole. We will be following up with a well completion report and a revised APD cover sheet referencing the new well which will be called the Ballpark Canyon 16-2X. As spelled out in the sundry notice the drilling contractor was at a depth of 300' when their 12 3/4" bit twisted off. Multiple attempts were made to try and fish the bit, but none were successful. We cemented the Ballpark Canyon 16-2 surface hole with 259 sacks of cement to surface on 5/26/2006. We will slide the rig 5 feet and drill the new surface hole for the Ballpark Canyon 16-2X to 500' as planned. If you have any questions please call the office at 505-564-8005.

Sincerely,

Doug Endsley
VP Operations
Marion Energy, Inc.

Division of Oil, Gas and Mining

Operator Change/Name Change Worksheet-for State use only

Effective Date: 6/1/2015

FORMER OPERATOR:	NEW OPERATOR:
Marion Energy, Inc 1415 N Loop West, Suite 1250 Houston, TX 77008 281-540-0028	Utah Gas Operating Solutision, LLC 1415 N Loop West, Suite 1250 Houston, TX 77008 281-540-0028
CA Number(s):	Unit(s): Clear Creek

WELL INFORMATION:

Well Name	Sec	TWN	RNG	API	Entity	Mineral	Surface	Type	Status
See Attache Listq									

OPERATOR CHANGES DOCUMENTATION:

1. Sundry or legal documentation was received from the **FORMER** operator on: 6/24/2015
2. Sundry or legal documentation was received from the **NEW** operator on: 6/24/2015
3. New operator Division of Corporations Business Number: 9345770-0161

REVIEW:

1. Surface Agreement Sundry from **NEW** operator on Fee Surface wells received on: N/A
2. Receipt of Acceptance of Drilling Procedures for APD on: N/A
3. Reports current for Production/Disposition & Sundries: 6/25/2015
4. OPS/SI/TA well(s) reviewed for full cost bonding: 6/25/2015
5. UIC5 on all disposal/injection/storage well(s) approved on: 7/8/2015
6. Surface Facility(s) included in operator change: Clear Creek Tank Battery
7. Inspections of PA state/fee well sites complete on (only upon operators request): 6/25/2015

NEW OPERATOR BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: SU46335
2. Indian well(s) covered by Bond Number: N/A
3. State/fee well(s) covered by Bond Number(s): SU46334 and SU46341

DATA ENTRY:

1. Well(s) update in the **OGIS** on: 7/9/2015
2. Entity Number(s) updated in **OGIS** on: 7/9/2015
3. Unit(s) operator number update in **OGIS** on: 7/9/2015
4. Surface Facilities update in **OGIS** on: N/A
5. State/Fee well(s) attached to bond(s) in **RBDMS** on: 7/9/2015
6. Surface Facilities update in **RBDMS** on: 7/9/2015

LEASE INTEREST OWNER NOTIFICATION:

1. The **NEW** operator of the Fee (Mineral) wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 7/9/2015

COMMENTS:

Marion Energy, Inc to
Utah Gas Operating Solutions, LLC
Effective 6/1/2015

Well Name	Sec	TWN	RNG	API	Entity	Mineral	Surface	Type	Status	Unit
ALPINE SCHOOL DIST 3-17	17	130S	070E	4300731182	2550	State	Fee	WD	A	CLEAR CREEK
RIDGE RUNNER 8-19	20	140S	070E	4301530682	2550	Federal	Federal	GW	OPS	CLEAR CREEK
RIDGE RUNNER 2-18	17	140S	070E	4301530683	16130	Federal	Federal	GW	OPS	CLEAR CREEK
UTAH FUEL 10	5	140S	070E	4300716016	2550	Fee	Fee	GW	P	CLEAR CREEK
RIDGE RUNNER 13-17	17	140S	070E	4301530269	2550	Federal	Federal	GW	P	CLEAR CREEK
UTAH FUEL 1	5	140S	070E	4300716009	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 2	32	130S	070E	4300716010	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 3	32	130S	070E	4300716011	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 4	30	130S	070E	4300716012	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 5	31	130S	070E	4300716013	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH MINERAL STATE	29	130S	070E	4300730102	2550	State	Fee	GW	PA	CLEAR CREEK
BALLPARK CYN 17-2	16	130S	100E	4300731169	15494	Fee	Fee	D	PA	
KENILWORTH RAILROAD 15-4	16	130S	100E	4300731170	15495	Federal	Fee	D	PA	
BALLPARK CYN 16-2	16	130S	100E	4300731171	15434	Fee	Fee	D	PA	
CORDINGLY CYN 10-1	15	130S	100E	4300731173	15435	Fee	Fee	D	PA	
BALLPARK CYN 16-2X	16	130S	100E	4300731207	15496	Fee	Fee	D	PA	
UTAH FUEL A-1	6	140S	070E	4301516021	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 8	19	130S	070E	4300716015	2550	Fee	Fee	GW	S	CLEAR CREEK
OMAN 2-20	20	130S	070E	4300730289	2550	State	Fee	GW	S	CLEAR CREEK
KENILWORTH RR #1	16	130S	100E	4300731006	14624	Fee	Fee	GW	S	
KENILWORTH RR #2	16	130S	100E	4300731007	14625	Fee	Fee	GW	S	
BALLPARK CANYON #1	16	130S	100E	4300731015	15159	Fee	Fee	GW	S	
CORDINGLY CYN 15-2	15	130S	100E	4300731064	15160	State	Fee	GW	S	
CORDINGLY CYN 15-1	15	130S	100E	4300731065	15161	State	Fee	GW	S	
CORDINGLY CYN 11-1	11	130S	100E	4300731070	15432	Fee	Fee	GW	S	
CORDINGLY CYN 15-5	15	130S	100E	4300731167	15433	State	Fee	GW	S	
KENILWORTH RAILROAD 15-3	16	130S	100E	4300731168	16041	Federal	Fee	GW	S	
ALPINE SCHOOL DIST 6-17	17	130S	070E	4300731181	2550	State	Fee	GW	S	CLEAR CREEK
OMAN 10-29	29	130S	070E	4300731210	2550	State	Fee	GW	S	CLEAR CREEK
KENILWORTH RR 1-A	16	130S	100E	4300731229	16456	Fee	Fee	GW	S	
RIDGE RUNNER 11-20	20	140S	070E	4301530271	2550	Federal	Federal	GW	S	CLEAR CREEK
RIDGE RUNNER 1-30	20	140S	070E	4301530680	2550	Federal	Federal	GW	S	CLEAR CREEK
RIDGE RUNNER 2-19	17	140S	070E	4301530684	2550	Federal	Federal	GW	S	CLEAR CREEK
RIDGE RUNNER 11-17	17	140S	070E	4301530685	2550	Federal	Federal	GW	S	CLEAR CREEK

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-1257

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:
Clear Creek

8. WELL NAME and NUMBER:

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL
OIL WELL ☐ GAS WELL ☐ OTHER Compressor

2. NAME OF OPERATOR:
Utah Gas Operating Solutions, LLC

3. ADDRESS OF OPERATOR:
1415 North Loop West, STE CITY Houston STATE TX ZIP 77008

PHONE NUMBER:
(281) 540-0028

4. LOCATION OF WELL

FOOTAGES AT SURFACE:

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 33 13S 7E

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>6/1/2015</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Please accept this as notice that as of June 1st, 2015, Marion Energy, Inc. is resigning as the operator of the "Clear Creek Compressor Station" and assigning Utah Gas Operating Solutions, LLC. as the successor of operator. This is in conjunction with Utah Gas Operating Solutions, LLC bond number 5040334.
"Clear Creek Compressor Station"
Sec 33 13S 7E NWNW

Marion Energy, Inc.

Signature: [Signature]

Date: 6/1/15

Name: Douglas Flanner

Title: VP

Utah Gas Operating Solutions, LLC.

Signature: [Signature]

Date: 6-15-2015

Name: PATRICK W. MERRITT

Title: AGENT-LIMITED ATTORNEY IN FACT

NAME (PLEASE PRINT) PATRICK W. MERRITT

TITLE AGENT-LIMITED ATTORNEY IN FACT

SIGNATURE [Signature]

DATE 6-15-2015

(This space for State use only)

APPROVED

JUL 09 2015

DIV. OIL GAS & MINING
BY: Rachel Medina

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-1257

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:
Clear Creek Unit

8. WELL NAME and NUMBER:

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:
Helper Field

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER _____

2. NAME OF OPERATOR:
Marion Energy, Inc

3. ADDRESS OF OPERATOR:
1415 N Loop W, STE 1250 CITY Houston STATE TX ZIP 77008

PHONE NUMBER:
(281) 540-0028

4. LOCATION OF WELL

FOOTAGES AT SURFACE:

COUNTY:

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 6/1/2015	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

As of June 1st, 2015, Marion Energy, Inc. resigns as Operator over its former Clear Creek Unit and Helper Field assets. In conjunction with this resignation, Utah Gas Operating Solutions, LLC. will be taking over as the Successor Operator upon your approval. Please refer to all documents submitted by Utah Gas Operating Solutions, LLC. as successor unit operator and on behalf of Marion Energy, Inc. regarding this change.

Please see the attached Appendix A below for a complete well and facility list that will be transferred upon governing approval. As the Vice President of Marion Energy, Inc. I ask that you accept this letter as Marion Energy's official resignation and request to transfer operating rights to Utah Gas Operating Solutions, LLC.

Signature: _____

Date: 6/11/15

Doug Flannery
Vice President

NAME (PLEASE PRINT)

DATRICK W. MERRITT

TITLE

AGENT - CONTRACT OPERATOR

SIGNATURE

DATRICK W. MERRITT

DATE

6-15-2015

(This space for State use only)

APPROVED

(5/2000)

(See Instructions on Reverse Side)

JUL 09 2015

DIV. OIL GAS & MINING

BY: Rachel Medina

APPENDIX A

Well List

Well Name	Sec	TWN	RNG	API	Status
ALPINE SCHOOL DIST 3-17	17	130S	070E	4300731182	A
KENILWORTH RAILROAD 9-1	16	130S	100E	4300731172	LA
JACOB 5-5	5	140S	070E	4300731190	LA
JACOB 4-8	5	140S	070E	4300731191	LA
OMAN 2-31	30	130S	070E	4300731246	LA
OMAN 3-32	29	130S	070E	4300731247	LA
MADSEN 11-20	19	130S	070E	4300731297	LA
OMAN 7-19	19	130S	070E	4300731298	LA
WOOLSEY 3-31	31	130S	070E	4300731305	LA
OLD RAIL ROAD GRADE 17-1	17	130S	100E	4300731354	LA
KENILWORTH WASH 18-1	18	130S	100E	4300731355	LA
ALRAD CYN 13-1	13	130S	100E	4300731357	LA
CORDINGLY CYN 15-6	15	130S	100E	4300731416	LA
RIDGE RUNNER 7-20	20	140S	070E	4301530681	LA
RIDGE RUNNER 8-19	20	140S	070E	4301530682	OPS
RIDGE RUNNER 2-18	17	140S	070E	4301530683	OPS
UTAH FUEL 10	5	140S	070E	4300716016	P
RIDGE RUNNER 13-17	17	140S	070E	4301530269	P
UTAH FUEL 1	5	140S	070E	4300716009	PA
UTAH FUEL 2	32	130S	070E	4300716010	PA
UTAH FUEL 3	32	130S	070E	4300716011	PA
UTAH FUEL 4	30	130S	070E	4300716012	PA
UTAH FUEL 5	31	130S	070E	4300716013	PA
UTAH MINERAL STATE	29	130S	070E	4300730102	PA
BALLPARK CYN 17-2	16	130S	100E	4300731169	PA
KENILWORTH RAILROAD 15-4	16	130S	100E	4300731170	PA
BALLPARK CYN 16-2	16	130S	100E	4300731171	PA
CORDINGLY CYN 10-1	15	130S	100E	4300731173	PA
BALLPARK CYN 16-2X	16	130S	100E	4300731207	PA
UTAH FUEL A-1	6	140S	070E	4301516021	PA
OMAN 14-20	29	130S	070E	4300731209	RET
CORDINGLY CYN 2-1	2	130S	100E	4300731236	RET
SWD 1	28	130S	100E	4300731417	RET
SHIMMIN 33-1	33	120S	110E	4300731431	RET
SEAMONS 5-8	8	130S	070E	4300731432	RET
CRITCHLOW 29-1	29	120S	110E	4300731433	RET
RADAKOVICH 12-5-1	5	130S	070E	4300731434	RET
ALLRED 10-1	10	120S	110E	4300731435	RET

RADAKOVICH 12-5	5	130S	070E	4300731436	RET
SEAMONS 5-8-2	8	130S	070E	4300731437	RET
WOOLSEY 3-31-1	31	130S	070E	4300731438	RET
ALLRED 13-1	13	120S	110E	4300731439	RET
JACOB 5-5	5	140S	070E	4300731513	RET
UTAH FUEL 8	19	130S	070E	4300716015	S
OMAN 2-20	20	130S	070E	4300730289	S
KENILWORTH RR #1	16	130S	100E	4300731006	S
KENILWORTH RR #2	16	130S	100E	4300731007	S
BALLPARK CANYON #1	16	130S	100E	4300731015	S
CORDINGLY CYN 15-2	15	130S	100E	4300731064	S
CORDINGLY CYN 15-1	15	130S	100E	4300731065	S
CORDINGLY CYN 11-1	11	130S	100E	4300731070	S
CORDINGLY CYN 15-5	15	130S	100E	4300731167	S
KENILWORTH RAILROAD 15-3	16	130S	100E	4300731168	S
ALPINE SCHOOL DIST 6-17	17	130S	070E	4300731181	S
OMAN 10-29	29	130S	070E	4300731210	S
KENILWORTH RR 1-A	16	130S	100E	4300731229	S
RIDGE RUNNER 11-20	20	140S	070E	4301530271	S
RIDGE RUNNER 1-30	20	140S	070E	4301530680	S
RIDGE RUNNER 2-19	17	140S	070E	4301530684	S
RIDGE RUNNER 11-17	17	140S	070E	4301530685	S

Facility List

Clear Creek Compressor Station	33	13S	7E
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